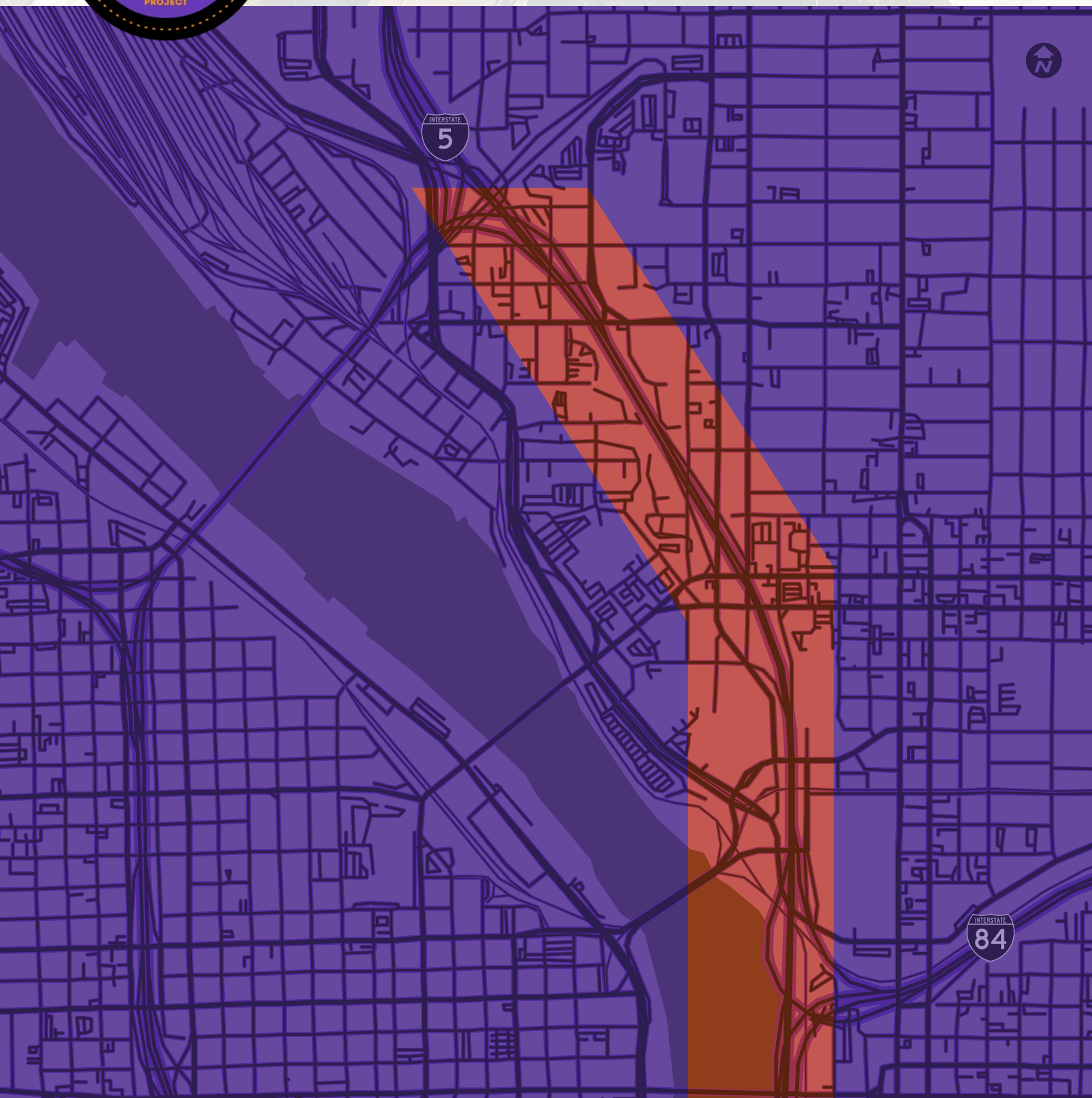
I-5 ROSE QUARTER IMPROVEMENT PROJECT

INFRASTRUCTURE FOR REBUILDING AMERICA (INFRA) GRANT APPLICATION

BUDGET



I-5 ROSE QUARTER IMPROVEMENT PROJECT

Fiscal Year 2025-2026
Infrastructure for Rebuilding America (INFRA)
Large Project Grant Application

BUDGET

Submitted by:
Oregon Department of Transportation (Applicant/Recipient)
Submission Date: May 6, 2024

This project is designated as
Reconnecting Communities and Neighborhoods (RCN) Program Extra
for having received a Fiscal Year (FY) 2023 Award
Click here: Neighborhood Access and Equity Capital Construction Grant

Note: *Adobe Acrobat is the recommended application to use when accessing hyperlinks within this document.*

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LIST OF ACRONYMS

APP	Area of Persistent Poverty
CM/GC	Construction Manager/General Contractor
CSRA	Cost and Schedule Risk Assessment
ETC	Equitable Transportation Community
EWP	Early Work Package
FY	Fiscal Year
HDC	Historically Disadvantaged Community
I-5	Interstate 5
ITS	Intelligent Transportation System
INFRA	Infrastructure for Rebuilding America
MCP	Main Construction Package
MPO	Metropolitan Planning Organization
MTIP	Metropolitan Transportation Improvement Plan
NAE	Neighborhood Access and Equity
ODOT	Oregon Department of Transportation
OTC	Oregon Transportation Commission
RCN	Reconnecting Communities and Neighborhoods
RTP	Regional Transportation Plan
STIP	Statewide Transportation Improvement Program
USDOT	U.S. Department of Transportation

BUDGET

The I-5 Rose Quarter Improvement Project (project) utilizes the Construction Manager/General Contractor (CM/GC) delivery model, allowing the Oregon Department of Transportation (ODOT) to deliver the project in multiple work packages. Work packages include the main construction package (MCP) – the focus of this grant application – and three early work packages (EWPs).

Figure 1: Project area map

As of June 2023, the total project cost estimate is $1.5 billion to $1.9 billion (in 2025 construction dollars). For the purposes of this INFRA Large project grant application, the total project cost is shown at $1.9 billion to reflect the high end of this range.

PREVIOUSLY INCURRED COSTS

To date, approximately $128 million in local funds (of $158 million committed) have been expended; a total included in the $1.9 billion total project cost and accounted for in the benefit-cost analysis.

FEDERAL FUNDING: RECONNECTING COMMUNITIES AND NEIGHBORHOODS (RCN) GRANT AWARD

In March 2024, ODOT was awarded a $450 million Capital Construction grant under the U.S. Department of Transportation's (USDOT's) RCN Program (Neighborhood Access and Equity [NAE] Program). As the RCN capital construction grant award of $450 million is less than the full $850 million ODOT requested, the project has received the designation of "RCN Program Extra" per the Fiscal Year (FY) 2023 RCN Program Notice of Funding Opportunity and the **March 2024 Award Letter** from USDOT. The project's RCN Capital Construction grant will fund finishing project design and constructing the core part of the project's highway cover that will support community reconnection, new community space, and future development opportunities for the Albina community—the community that was divided by construction of Interstate 5 (I-5) through the project area. The project's RCN funding is the first federal investment in construction for this project. ODOT intends, and is on schedule, to meet the RCN funding obligation date of September 30, 2026.

INFRA GRANT REQUEST

Table 1 defines the breakdown of this application's INFRA Large project funding request, listed in order of priority: first to complete construction of the highway cover, and then to make the initial investment in the I-5 auxiliary lanes and shoulders that support the related north and south highway cover construction, relocate the southbound I-5 off-ramp, and construct a bicycle and pedestrian bridge. Table 1 also shows the full project cost and remaining funding needed to complete the full project.

Table 1: Total project cost estimate

Project Element	Cost ($ in millions)	Notes
Current Project Funding		
Programmed in the State Transportation Improvement Program (STIP)	$158	Funded all project planning activities and environmental review phase and continues to fund final design completion of three early work packages and 30% design completion of the main construction package.
Awarded FY 2023 RCN Grant		
Awarded FY 2023 RCN Grant	$450	Complete project design and construct a core part of the project's highway cover to support community reconnection, new community space, and future development opportunities for the Albina community.
FY 2025-26 Requested INFRA Large Project Grant (Listed in Order of Funding Priority) (INFRA Grant request of $750M [60%] + State match of $250M [20%] = $1,000M) Additionally, $250 million from the FY23 RCN grant award used for the remaining 20% match will continue to fund construction of the initial central part of the highway cover, along with completing full project design.		
Construction: Complete Highway Cover	$460	Construct the remaining two-thirds (north and south portions) of the project's central reconnecting feature—the highway cover that will support new community space and future development. **This funding would be the last dollar in to complete the highway cover construction**. This cost also includes the required fire, life and safety elements of the highway cover structure. *(Note: The central portion of the highway cover is funded with $450 million in awarded FY23 RCN funding from USDOT)*.
Construction: Initial investment in auxilliary lanes and shoulders for I-5 Mainline Improvements	$300	With $300 million, construct I-5 safety and operational improvements that support the related north and south highway cover construction and relocate the southbound I-5 off-ramp.
Construction: Southbound I-5 off-ramp relocation, Intelligent Transportation System (ITS) signage and local streets	$170	With $170 million, construct the southbound off-ramp flyover, install ITS signage and reconstruct local City of Portland streets.
Construction: Bicycle and Pedestrian Bridge	$70	With $70 million, construct a separated bicycle and pedestrian bridge to the south of the highway cover for an additional multimodal connection across I-5. This structure would also connect directly to the southern edge of the highway cover and adjacent Moda Center (multi-purpose arena and home to NBA's Portland Trailblazers).
Additional Project Cost (Beyond the Scope of this Grant Request)		
Remaining Construction: Three Early Work Packages and remaining Main Construction Package I-5 Mainline and remaining multimodal local street improvements	$292	Construct the three early work packages (which include I-5 safety and operational improvements at I-405 and I-84 interchanges) and the remainder of main construction package elements (which include the I-5 safety and operational improvements through the central project area under the highway cover. Complete local street improvements.
Total	**$1,900**	This reflects the high-end of the cost estimate

SOURCES AND USES OF FUNDING

ODOT has identified a matching contribution of $500 million, representing a 40% match for the requested $750 million in INFRA funding. The matching contribution is a combination of state funds ($250 million, 20%) and a portion of funds from the project's FY23 RCN Capital Construction grant award ($250 million, 20%). Table 2 summarizes the project's funding sources. Table 3 summarizes the project's costs by funding source.

Table 2: Project sources of funding

Funding Source	Amount (millions)
FY 2025-26 INFRA Funds (requested)	$750
Other Federal Funds	-
FY 2023 RCN Award (committed)	$450
Federal formula funds (committed)	$23
Non-Federal Funds	-
State Funds (committed)	$135
INFRA local match	$250
Total	**$1,608**

Table 3: Project cost & source of funds

	State/Other Federal (Committed)	INFRA FY 2025-26 (Requested)	INFRA Matching Funds	Other Federal (FY23 RCN Award)	Non-Committed funding	Total
Planning & environmental review (2018-2024)	$38	-	-	-	-	$38
Preliminary engineering (2020-2026)	$120	-	-	$50	-	$170
Right of way (2025-2026)	-	-	-	$80	-	$80
Construction (2026-2032)	-	$750	$250*	$320	$292	$1,612
Total	**$158**	**$750**	**$250**	**$450**	**$292**	**$1,900**

* The Oregon Transportation Commission (OTC) will confirm state-matching funds at their May 9, 2024 meeting

INVESTING IN AREAS OF PERSISTENT POVERTY AND HISTORICALLY DISADVANTAGED COMMUNITIES

According to USDOT's List of Areas of Persistent Poverty (APP) and Historically Disadvantaged Communities (HDC), the project's two main census tracts (21.01 and 23.03, see Figure 2) are designated as APP and HDC.[12] Further, using USDOT's Equitable Transportation Community (ETC) Explorer, the project's census tracts 21.01 and 23.03 are identified as being disadvantaged and as an area of persistent poverty (APP) (see Table 4).

Figure 2: Census tracts within the project area that are designated HDC and APP

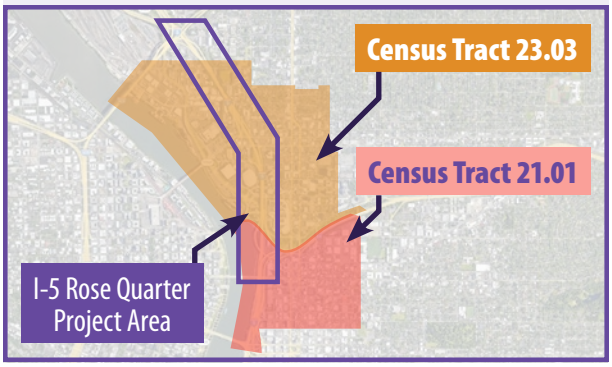

Table 4: Project area census tracts with HDC, APP or other transportation disadvantages

	Census Tract 21.01	Census Tract 23.03
USDOT HDC	✔	✔
USDOT APP	✔	✔
ETC Explorer Disadvantaged Census Tract	✔	✔
Climate and Disaster Risk Burden (ETC)	✔	✔
Environmental Burden (ETC)	✔	✔
Social Vulnerability (ETC)	✔	✔

[12] USDOT **List of Areas of Persistent Poverty and Historically Disadvantaged Communities**, June 6, 2023

Table 5 summarizes the portion of total project cost by dollar amount and percentage within the two census tracts designated as HDC and/or APP. A full 93% of project cost (investment) is captured in these two census tracts. Due to the project's HDC and APP designations, no local match was required as an FY23 NAE award recipient under the RCN grant program.

COMMITTED FUNDING

Coupled with federal formula funds, the state has invested and **committed $158 million** to the project to date, which includes funding for all project planning activities, the environmental review phase, final completion of design of the three early work packages, and 30% design completion of the main construction package (which includes the highway cover, multimodal local street improvements, and the bicycle and pedestrian bridge). In March 2024, ODOT was **awarded a $450 million Capital Construction grant under the USDOT's RCN Program** (NAE Program).

SATISFYING COST SHARING REQUIREMENTS FOR INFRA

ODOT's request of $750 million in INFRA Large project funding carries a 40% local match requirement, or $500 million. ODOT's matching funds are a combination of state funds ($250 million, 20%) and funds from the project's FY23 RCN grant award ($250 million, 20%). The $250 million in state funds come from funding provided by the Oregon Legislature for ODOT's Urban Mobility Strategy projects. The OTC will confirm the $250 million of state matching funds for this INFRA grant at its May 9, 2024 meeting.

NEED FOR ADDITIONAL FEDERAL FUNDS

The project's total committed, awarded, requested and matching funds is $1.6 billion toward a total project cost of $1.9 billion. The state has not identified or implemented committed funding sources to address the remaining funding gap of approximately $292 million.

Table 5: Project budget table by location

Census Tract(s)	Project Costs by Census Tract(s) *(millions)*	Percent of Total Cost
21.01 (APP and HDC)	$214	11%
23.03 (APP and HDC)	$1,552	82%
Total APP and HDC	*$1,766*	*93%*
Outside APP or HDC	$134	7%
Total	**$1,900**	**100%**

Funding sources for the remaining project construction could include:

- A funding package that the Oregon Legislature is considering as part of its 2025 legislative session that could provide an opportunity for additional project funding.
- Funding from the STIP.
- Federal competitive grants.
- Other state funds (lottery, General Fund, etc.).

CONTINGENCIES

The project is approaching 30% design and the $1.9 billion project cost includes approximately $450 million in risk-based contingency funds, equal to 30% of escalated construction cost. The contingency was developed based on FHWA's Cost and Schedule Risk Assessment (CSRA) process at 10-15% design milestone in 2019.

POTENTIAL KEY RISKS:

Based on constructability reviews, risk mitigation discussions and value engineering to date, the project team has identified the following cost and/or schedule threats:

- Material and labor market escalation
- Workforce availability
- Permit issuance
- Utility relocations
- Mitigation and impacts on work hours
- Obstructions during drilled shaft installation

POTENTIAL CONSTRUCTION COST OR SCHEDULE SAVING OPPORTUNITIES:

Based on constructability reviews, risk mitigation discussions and value engineering to date, the project team has identified the following cost and/or schedule saving ideas:

- Revised retaining wall designs
- Contaminated soil disposal within ODOT right of way
- Precast deck panels
- Cement treated base to replace rock stabilization
- Reduce median shoulder width

INCLUSION IN FISCALLY CONSTRAINED METROPOLITAN AND STATEWIDE PLANNING PROCESSES

The project is currently included in the following regional and statewide plans:

- ODOT Active 2018-2021 Statewide Transportation Improvement Program (STIP)- Key #19071
- Regional Metropolitan Transportation Improvement Plan (MTIP)- ID: 70784
- Regional Metropolitan Planning Organization (MPO) Regional Transportation Plan (RTP) fiscally constrained project list- 2023 RTP #: 10867 and 11176

COST OVERRUNS

The project's cost and risk assessment process adopts a rigorous and integrated approach in which the overall cost estimate is updated, reconciled and assessed for risk at major design milestones. This process allows ODOT and the CM/GC to identify and implement mitigation strategies that reduce overall risk including cost overruns for both ODOT and the CM/GC.

The project also follows FHWA's major project requirements which include performing a minimum of two CSRA sessions: one before the completion of the National Environmental Policy Act phase and the other before beginning construction. The overall cost estimate includes anticipated costs for project management, design, construction, risk management, inflation to the midpoint of construction, communication and public outreach efforts, right of way, environmental mitigation, contingency to address unknown costs, utility reimbursement, utility coordination and railroad coordination.

Should the project need additional funds to address potential cost risks including overruns, ODOT has the ability to work with the OTC and Oregon State Legislature to identify funding sources.