

## ANALYSIS

### Item 47: Department of Transportation I-5 Rose Quarter Improvements

**Analyst:** Ben Ruef

**Request:** Approve, retroactively, the submission of a federal grant application to the U.S. Department of Transportation, Infrastructure for Rebuilding America Program, in the amount of \$750 million for improvements along Interstate 5 through the Rose Quarter in Portland.

**Analysis:** The purpose of the Infrastructure for Rebuilding America Program is to provide federal assistance to advance multimodal freight and highway projects of national or regional significance to improve the safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas.

If awarded, the Oregon Department of Transportation (ODOT) will use the grant to fund approximately 40% of the planned I-5 Rose Quarter Improvement Project. Project elements include:

- New ramp-to-ramp auxiliary lanes and wider shoulders on I-5 to improve safety and reduce congestion at what has been identified as the state's top traffic bottleneck.
- A highway cover over I-5 that reconnects local streets and creates new community spaces for future development and economic opportunities.
- Relocation of the I-5 southbound off-ramp from Broadway/Vancouver to the south, connecting with NE Williams Avenue and NE Weidler Street.
- Local street improvements including wider paths, accessible curb ramps, better lighting and protected bike lanes for people walking, biking, and rolling.
- A pedestrian and bicycle bridge that creates a new path over I-5 to connect with the walking and biking network.
- A new east-west roadway crossing over I-5 that reconnects Hancock Street, adding another crossing north of Broadway/Weidler.

The total project cost is currently estimated at \$1.9 billion. The project's finance plan includes the following funding sources:

Source	Amount (\$)	Project Phase	Secured Date
HB 2017 State Funds	\$135 million	Planning/Engineering	June 2023
National Hwy FHWA Formula Funds	\$19 million	Planning/Engineering	June 2023
Local Funds (Tri-Met)	\$4 million	Planning/Engineering	June 2023
USDOT Reconnecting Communities and Neighborhoods Grant	\$450 million	Final Design/Construction	March 2024
USDOT Infrastructure for Rebuilding America Grant	\$750 million	Final Design/Construction	TBD
Unspecified State Match Funds	\$250 million	Final Design/Construction	TBD
Unidentified Project Funding	\$300 million	Construction	TBD
<b>TOTAL</b>	<b>\$1.9 billion</b>		

ODOT would need an estimated \$300 million in additional funding to pay for the remaining elements of the plan. These elements include operational and safety improvements at the I-405 and I-85 interchanges; safety and operational improvements through the central project area under the highway cover; relocate the southbound off-ramp to the south of the highway cover area; and complete local street improvements.

With the project planning and environmental review phases finished, the project is now in the design phase, with construction slated to begin in the summer of 2025.

ODOT provided notice of intent to apply on April 26, 2024, and the grant application was due on May 6, 2024. If funding is awarded, ODOT will request an increase in expenditure limitation, as needed. No additional positions will be required. Required matching funds of \$500 million will be met through a combination of unspecified State funds (\$250 million) and funds from the project's FY23 Reconnecting Communities and Neighborhoods grant award (\$250 million).

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board approve the request.

**Request:** Retroactive authorization to apply for a grant totaling \$750 million from U.S. Department of Transportation for the Interstate 5 (I-5) Rose Quarter Improvement Project.

**Recommendation:** Approve the request.

**Discussion:** The Oregon Department of Transportation (ODOT), through its Urban Mobility Office (UMO), identified the Infrastructure for Rebuilding America (INFRA) grant through the U.S. Department of Transportation (USDOT), as a funding opportunity to provide additional support for the I-5 Rose Quarter Improvement Project (Project). This grant has a 40 percent match requirement for the current overall budgeted cost for this phase of the Project, which is at \$1.25 billion. In the grant application, ODOT has designated \$500 million in matching funds including \$250 million (20 percent) from state funding and \$250 million (20 percent) from the federal Reconnecting Communities and Neighborhoods (RCN) grant program. Both the RCN and the INFRA grant funds are specifically for the I-5 Rose Quarter Safety Improvement Project. The 20 percent of state funds come from House Bill 2017 (2017) funding and have been identified for the Project. The Oregon Transportation Commission, at its meeting on May 9, 2024, approved the state fund match as the INFRA grant match for the Project.

Initially, ODOT submitted an \$850 million grant request from the RCN grant program and was awarded \$450 million in fiscal year 2023. Since ODOT did not receive the full amount requested, USDOT indicated the Project, through the INFRA grant, should be classified into the highly recommended status for approval. The INFRA grant program notification was posted on March 25, 2024, with a submission date of May 6, 2024. USDOT expects grant award notification to be made in the Fall of 2024.

The I-5 Rose Quarter Safety Improvement project includes key INFRA grant qualifiers such as: 1) a historical area that is disadvantage and underserved community, stricken with poverty, 2) this section of the I-5 corridor is the number one congestion area in the state and is ranked 28th nationwide for bottleneck congestion by the American Transportation Research Institute, and 3) this section of I-5 has an extremely high crash rate within Oregon.

If awarded and combined with the RCN funding previously awarded, ODOT will be able to complete the following: 1) the federal environmental review process, 2) the final design of work packages, and 3) the completion of the preliminary design of the Project's main construction, which includes a highway cover, multimodal local street connections, and 4) the central segment of the I-5 mainline improvements.

ODOT submitted a 10-day request notice to apply on April 26, 2024. ODOT may need to return in the future to request additional Other Funds expenditure limitation if the funding is awarded.



# Oregon

Tina Kotek, Governor

Department of Transportation

Director's Office

355 Capitol St. NE, MS 11

Salem, OR 97301

April 29, 2024

Senator Rob Wagner, Co-Chair  
Representative Julie Fahey, Co-Chair  
State Emergency Board  
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 to the U.S. Department of Transportation (USDOT) for an Infrastructure for Rebuilding America (INFRA) grant in the amount of \$750 million for the I-5 Rose Quarter Improvement Project. This request requires ODOT to commit 40 percent (\$500 million) of the total phase cost of \$1.25 billion in matching funds, which can be a combination of State funds (\$250 million, 20 percent) and funds from the project's FY23 Reconnecting Communities and Neighborhoods grant award (\$250 million, 20 percent).

## **AGENCY ACTION**

The Infrastructure Investment and Jobs Act (IIJA) provided funds to the USDOT to invest in projects of national or regional significance through the Infrastructure for Rebuilding America or INFRA program. The USDOT seeks to award up to \$2.7 billion in INFRA funding for the FY 2025-2026 grant cycle, the last of the IIJA authorization. The INFRA program provides federal assistance to advance multimodal freight and highway projects of national or regional significance to improve the safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas. Funding supports planning, design and capital construction to address transportation safety, infrastructure barriers, restore community connectivity, reduce climate impacts, support equitable multi-modal accessibility, and support innovation. INFRA provides a maximum of 60 percent of a project's cost; the recipient must provide at least 20 percent from non-federal funds and the remaining 20 percent can come from either federal or non-federal funds. Funding must be obligated by Sept. 30, 2028, and expended by Sept. 30, 2033.

ODOT recently received a grant of \$450 million under the Reconnecting Communities and Neighborhoods (RCN) grant program—the nation's largest grant under the program. Because ODOT received less than the full \$850 million RCN request, the project is automatically designated as "Highly Recommended" by USDOT for funding in other grant programs including INFRA relative to competing applicants, and the RCN grant can be used for a portion of the match.

The INFRA Notice of Funding Opportunity was issued by USDOT on March 25, 2024, and grant applications were due May 6, 2024. An award date has not been announced, but it is anticipated to occur by fall 2024. ODOT has identified the Interstate 5 Rose Quarter Improvement Project as an excellent candidate for the INFRA grant program. The project area is within a defined historically disadvantaged and underserved community and an area of persistent poverty.

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 for trucks 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 INFRA grant application 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 and contained in the 2024 Finding of No Significant Impact (FONSI) determination issued by the Federal Highway Administration (FHWA).

To date, ODOT has utilized available House Bill 2017 funds and federal funds (totaling \$158 million allocated to date) to complete the planning phase and advance preliminary engineering. This includes existing funding to: 1) complete the federal environmental process under the National Environmental Policy Act (NEPA); 2) finalize design of the project's three early work packages; and 3) 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 INFRA funding would represent additional needed investment in design and construction of the main construction package. Leveraging the INFRA funds will help to increase the project's readiness and competitiveness for future construction funding to complete the project in full.

Grant Request (60%):	\$ 750,000,000
State Match (20%):	\$ 250,000,000
Federal RCN Grant (20%):	<u>\$ 250,000,000</u>
Phase Total:	\$ 1,250,000,000

Matching funds of \$500 million (40 percent of the total phase cost) will be a combination of State funds (\$250 million) and funds from the project's FY23 Reconnecting Communities and Neighborhoods grant award (\$250 million). ODOT's request for \$1.25 billion in INFRA funding and matching funds for the Rose Quarter project would deliver the following project features:

- 1) With \$460 million, 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 for completing 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 2024 Reconnecting Communities and Neighborhoods funding from USDOT).
- 2) 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.
- 3) With \$170 million, construct the southbound off-ramp flyover, install Intelligent Transportation System (ITS) signage and reconstruct local City streets.
- 4) 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. The bicycle and pedestrian bridge 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).
- 5) The \$250 million from the FY23 Reconnecting Communities and Neighborhoods grant award used as a portion of the required match will continue to fund construction of the initial central part of the highway cover, along with completing full project design.

If awarded the full INFRA request, ODOT would have approximately \$1.6 billion in total funding for the Rose Quarter, leaving an estimated gap of about \$300 million based on the project's 2023 cost estimate of \$1.9 billion.

ODOT is working with the Oregon Transportation Commission to identify the most appropriate sources of state funds within ODOT's existing budget to provide the required match should ODOT receive the grant award. ODOT may need to return for Other Funds expenditure limitation if this grant is awarded; however, virtually all of the anticipated expenditures will take place in the 2025-2027 biennium and beyond and can be built into future budgets. No additional positions will be required this biennium.

#### **ACTION REQUESTED**

ODOT requests retroactive approval to apply for an Infrastructure for Rebuilding America grant from the U.S. Department of Transportation for \$750,000,000.

#### **LEGISLATION AFFECTED**

None.

Sincerely,



Kristopher W. Strickler, Director