

ANALYSIS

Department of Transportation

Kellogg Creek

Analyst: Ben Ruef

Request: Approve the submission of a federal grant application to the U.S. Department of Transportation, Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation grant program, in the amount of \$50,000,000, for the construction phase of the Kellogg Creek Restoration Project.

Analysis: The U.S. Department of Transportation's Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) grant program provides funding to state transportation agencies and other eligible entities to support projects that help transportation systems withstand and adapt to natural hazards such as climate change, sea level rise, flooding, extreme weather events, and other natural disasters.

If awarded, ODOT will use the grant funds for the construction phase of the Kellogg Creek Restoration Project in Milwaukie, Oregon, which is a collaborative effort between ODOT, the City of Milwaukie, American Rivers, and the North Clackamas Watersheds Council, with additional funding support from Metro and private foundations.

The project involves multiple construction elements designed to improve transportation resilience, environmental sustainability, and community access. Key components include the removal of Kellogg Dam, which has been identified as ODOT's top fish passage barrier, construction of a new, modernized OR 99E bridge over Kellogg Creek, and stream and floodplain restoration to enhance fish passage and improve habitat conditions in the Kellogg-Mt. Scott watershed. The project will also construct a pedestrian and bicycle undercrossing beneath the new OR 99E bridge, improving safe access to natural areas and nearby communities.

Pre-construction funding of \$21.4 million has been secured and pre-construction is expected to be completed in 2026, with construction from 2027 to 2029. The estimated total cost for the construction phase is \$56.5 million, including \$6.5 million of matching funds that will come from a combination of local, regional, and private sources. The grant application is due on February 24th and award announcements are likely in summer or fall of 2025. If funding is awarded, ODOT will request an increase in expenditure limitation, as needed.

Recommendation: The Legislative Fiscal Office recommends approval.

Department of Transportation Parada

Request: Authorization to apply for a grant of \$50,000,000 from the Federal Highway Administration (FHA) with the City of Milwaukie as lead applicant and other project partners to move forward with the Kellogg Creek Restoration Project.

Recommendation: Approve the request.

Discussion: The FHA, through their Promoting Resilient Operations for Transformative, Efficient, and Cost-Savings Transportation (PROTECT) program is accepting applications for the 2024-25 fiscal year, in which there is \$876 million in available funding. The Kellogg Creek Restoration project has been identified as a competitive candidate for the PROTECT funding. The project will improve long-term community resilience with improved access to nature and modernization of vulnerable multi-modal transportation infrastructure and proposes restoration of the lower Kellogg Creek habitat and its floodplain through Milwaukie as well as a new highway bridge with pedestrian and bicycle under crossing. The modernization of the 99E bridge over Kellogg Creek will increase seismic resiliency and establish a safe pedestrian and bicycle route. The project team has secured funding for all pre-construction activities, including design, right-of-way, utilities, administration, and community engagement. To keep pace on the project schedule, construction funding must be secured.

The deadline to apply is February 24, 2025. The grant requires a 20 percent match requirement, which is reduced by seven percent as the project meets the “statewide resilience improvement plan” definition of the grant. The total 13 percent requirement is \$6.5 million, which will be met through funds already raised including funding from the City of Milwaukie’s capital budget, Metro’s Large Scale Community Visions program, and funding from competitive private foundations and other state grant programs. The agency may return to request additional limitation if the grant is awarded.



Oregon

Tina Kotek, Governor

Department of Transportation

Director's Office

355 Capitol St. NE, MS 11

Salem, OR 97301

January 30, 2025

Senator Kate Lieber, Co-Chair
Representative Tawna Sanchez, Co-Chair
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) Delivery and Operations Division, along with the City of Milwaukie and key partners, requests permission to apply for \$50,000,000 in Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) funding from the Federal Highway Administration (FHWA) for the construction phase of the Kellogg Creek Restoration Project in Milwaukie, Oregon.

AGENCY ACTION

The PROTECT grant program provides \$1.4 billion in contract authority over five years (FFY 2022 – 2026) through competitive grants to state transportation agencies and other eligible entities to ensure surface transportation resilience to natural hazards such as climate change, sea level rise, flooding, extreme weather events, and other natural disasters. FHWA released a notice of funding opportunity for the FY 2024 and 2025 program on October 25, 2024, and applications are due on February 24, 2025. The total available funds are \$876 million. The first round of grant funding (FFY 2022 and 2023) awarded \$829.6 million to 80 recipients. ODOT's process for selecting next-round projects to put forward for grant funding was informed by the previous year's process and grant award success. Award announcements are likely in summer or fall 2025.

The City of Milwaukie in partnership with ODOT, American Rivers, and the North Clackamas Watersheds Council have identified the Kellogg Creek Restoration Project as a competitive application for the PROTECT discretionary program. The overarching goal of the Kellogg Creek Project is to reestablish fish passage into the Kellogg-Mt. Scott watershed, restore lower Kellogg Creek habitat and its floodplain through Milwaukie, improve long-term community resiliency and access to nature, and modernize vulnerable multi-modal transportation infrastructure. The project will remove the top ranked ODOT fish passage barrier at Kellogg Dam and modernize the OR 99E bridge across Kellogg Creek to restore the creek through Kellogg Lake. The new highway bridge structure will increase seismic resiliency and establish a safe pedestrian and bicycle undercrossing. The multiple benefits of the project range from providing critical refugia and off-channel habitat to reduced flooding, improving the resiliency of state highway transportation infrastructure and

reducing liability and long-term maintenance costs, improving underserved community safety, access to natural areas, and educational opportunities and workforce development.

The Kellogg Creek Project team has successfully secured funding from multiple federal and non-federal sources to complete all pre-construction activities, including design, right of way, utilities, administration, and community engagement. To keep the project on schedule, construction funding must be secured. The City of Milwaukie is seeking construction funds for the project from federal and non-federal sources.

Grant Request:	\$ 50,000,000
<u>Matching Funds:</u>	<u>\$ 6,500,000</u>
Total Project Cost:	\$ 56,500,000

The Kellogg Creek Project meets the criteria for the statewide resilience improvement plan, which qualifies for a 7 percent reduction on the 20 percent match. This reduces the required non-federal match to 13 percent. Non-federal matching funds available for this grant include \$1,000,000 from the City of Milwaukie's capital budget, \$10,000,000 from Metro's Large Scale Community Visions (LSCV) Program, which was awarded to ODOT in December 2024, and \$500,000 in funding from competitive private foundation and state grant programs. ODOT currently has a funding agreement with American Rivers to complete all pre-construction delivery phases of this project with support from other partners. The funds awarded through the federal PROTECT program for this project will be allocated to construction activities.

If the PROTECT grant awarded is lower than the requested amount, or the grant is not awarded, funding from multiple other sources is being sought, with grant application submittals planned throughout 2025 and 2026 with eligible requests that will cover the total project cost.

ACTION REQUESTED

ODOT requests permission to jointly apply with the City of Milwaukee and other partners for \$50,000,000 in PROTECT funding from FHWA for the Kellogg Creek Project. If this grant is awarded, ODOT may need to return for additional expenditure limitation; no additional positions will be needed to complete this workload.

LEGISLATION AFFECTED

None.

Sincerely,



Kristopher W. Strickler
Director