



Oregon

Tina Kotek, Governor

Department of Transportation

Director's Office

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March 6, 2025

Senator Aaron Woods, Co-Chair
Representative David Gomberg, Co-Chair
Joint Committee on Ways and Means
Subcommittee on Transportation and Economic Development
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs Woods and Gomberg, and members of the committee,

During the Joint Committee on Ways and Means Subcommittee on Transportation and Economic Development hearing on March 4, 2025, questions were raised during ODOT's presentation on SB 5541 – Oregon Department of Transportation Budget. Please see the department's responses below:

1. How many consultants are working on the Interstate Bridge Replacement Project?

The IBR Program is a bi-state effort co-led by the Oregon and Washington Departments of Transportation (ODOT and WSDOT) and is one of the largest transportation infrastructure projects on the West Coast, requiring a significant number of staff.

The team includes both agency and consultant staff. Because of the Program's technical challenges, overall size, and complexity there is a heavy reliance on the capabilities and expertise of the consultant community for the bulk of our staffing. Agency staffing levels are designed to provide a strong owner role, appropriate managerial and technical oversight, and decision making necessary to implement the Program.

On average, over the past year, the Program has had consultants working approximately 150 FTE per month in various capacities to move this effort forward. WSP, in partnership with Parametrix, was selected as the prime consultant for the general engineering consultant contract to provide a wide range of specialized expertise to support program development through the environmental and pre-construction phases of work. The following shows the percentage of consultant FTE broken down by category:

| Category | Percentage of FTE |
|-----------------|--------------------------|
| Engineering | 42.6% |

| | |
|--------------------|-------------|
| Environmental | 15.0% |
| Finance | 2.2% |
| Program Management | 25.4% |
| Procurement | 3.0% |
| Public Affairs | 11.8% |
| Total | 100% |

As the IBR Program approaches completion of the federal environmental review process, many of the current consultant roles will come to their natural conclusion once environmental and preliminary design work is finalized and the accompanying extensive public engagement concludes. These positions will be repurposed and filled with qualified staff to support construction activities during Program delivery.

As construction advances and additional contracts are let, we anticipate the supporting consultant team will grow. In order to provide the necessary oversight and guidance, there may be a need for additional agency positions in future biennia. During the upcoming biennium, the first of approximately 28 construction packages will be let and awarded. Delivering the investments proposed by the IBR Program will require thousands of workers skilled in trades ranging from concrete and steel to project management and quality assurance.

For additional information about IBR consultants including DBE participation goals, DBE contract values, and consultant representation by geographic area please refer to the IBR Accountability Dashboard found here: <https://www.interstatebridge.org/dashboard-archives/accountability-dashboard/>

2. How did ODOT spend \$70 million on the tolling program? How was the funding spent?

Toll funding was spread across three different projects. To date, ODOT has the following expenditures in each of the three projects.

| Project | Description | Expenditures to Date | Future Expenditures |
|-----------------------------------|--|-----------------------------|----------------------------------|
| I-205 Toll Project | 2022 – 2024: Environmental review, public engagement, and design of tolling on I-205 at Abernethy Bridge and Tualatin River Bridge | \$18.4 million | None; project has been paused |
| Regional Mobility Pricing Project | 2019 – 2022: Concept development and early environmental review for both toll projects. 2022 – 2024: Public engagement, and environmental review of regional tolling on I-5 and I-205 | \$37.0 million | None; project has been cancelled |

| | | | |
|------------------------|--|----------------|--|
| Statewide Toll Program | Policy development, rules development, low income toll development, back office/customer service, and roadside technology system development for all toll projects, including the Interstate Bridge* | \$10.8 million | Some ongoing additional expenditures for ODOT's work with WSDOT/ Washington State Transportation Commission on Interstate Bridge Replacement tolling |
|------------------------|--|----------------|--|

**ODOT was the planned toll administrator for Interstate Bridge tolling before the Governor paused tolling. WSDOT is now the toll administrator.*

Until 2022 the budget for the Regional Mobility Pricing Project was initially used as the funding source for all of ODOT's tolling work, so a portion of this project budget was used for I-205 and other toll work until a separate project was set up for I-205.

ODOT has stopped expenditures on the I-205 and the Regional Mobility Pricing programs. We expect a small amount of spending to continue under statewide tolling to account for our coordination with the State of Washington as they implement tolling on the Interstate Bridge. Expenditures to date across all three projects total \$66.2 million; the Urban Mobility Strategy Finance Plan lists \$70 million as the expected cost after factoring in the additional ongoing expenditures for IBR.

Major work undertaken included the following.

- *I-205 environmental review:* ODOT was required to develop an Environmental Assessment on tolling on I-205 under the National Environmental Policy Act (NEPA) review process. An Environmental Assessment was prepared in Spring 2023 and then once the scope of the project changed, ODOT initiated a Supplemental Environmental Assessment later that year.
- *I-205 toll system design:* The overall design work, including design of toll gantries and roadside systems, was between 70% to 90% complete when work was paused.
- *I-205 traffic and revenue analysis:* ODOT undertook a Level 2 traffic and revenue analysis to better understand the revenue potential of tolling on I-205 and work with the community on potential toll options and tradeoffs. Additional and detailed traffic analysis was also conducted for the environmental documentation and to determine project benefits and impacts. ODOT also coordinated with Metro to provide traffic modeling.
- *Back office/customer service center development and procurement:* ODOT developed plans for a toll operations back office and customer service center and completed a procurement that identified a contractor to implement and operate the toll system.
- *Low-income toll program:* Based on legislative direction, ODOT developed a plan for a low-income toll program that would offer a 50% discount for households with incomes below 200% of the federal poverty level.
- *Toll policy development and rulemaking:* In addition to the low-income toll program, ODOT did extensive development of toll policies and rules, including working with a

Statewide Toll Rulemaking Advisory Committee to develop rules for rate setting, accounts, and exemptions and discounts. A portion of these rules necessary for implementation of tolls on the Interstate Bridge have been approved by the Oregon Transportation Commission.

- *RMPP planning*: ODOT undertook preliminary planning under the federal Planning and Environmental Linkages process for the Regional Mobility Pricing Project to toll the I-5 and I-205 corridors. Outreach in five counties and extensive coordination with partner agencies occurred to evaluate tradeoffs associated with a variety of options and scenarios.
- *Public engagement*: ODOT undertook extensive public engagement, including establishing and working with three advisory committees (Equity and Mobility Advisory Committee, Regional Tolling Advisory Committee, and Statewide Toll Rulemaking Advisory Committee) and extensive consultation with local governments and community organizations on all aspects of tolling. ODOT held in-person meetings including open houses, focus groups, listening sessions, and outreach booths. ODOT also conducted online outreach via surveys, e-newsletters and videos.

Broad categories of work are described in the table below.

| Area of Work | Description of Work | Expenditures |
|---|--|----------------|
| Traffic analysis, environmental review, and design for both toll projects | Analyzed early pricing concepts; Metro and consultant team conducted transportation and traffic analysis for environmental assessments to determine impacts and benefits of the projects; conducted basic level and more advanced traffic and revenue analyses. | \$40.8 million |
| Public and community engagement, intergovernmental coordination | Broad public and partner agency coordination and notification, including two NEPA scoping periods and one NEPA comment period; an Equity & Mobility Advisory Committee, Regional Toll Advisory Committee, and Statewide Rulemaking Advisory Committee; public surveys; on-going briefings, newsletters, meetings, tabling, partner agency workshops; and ongoing equitable engagement (including translation materials). | \$13.8 million |
| Other (policy, project management, etc.) | Development of and recurring updates to schedule, budget, and staffing plan; Tribal consultation; FHWA coordination; policy development; project oversight and contract management; interagency coordination; development and management of intergovernmental agreements. | \$11.6 million |

Both ODOT staff and consultant firms worked across all areas. Of the consultants, WSP USA and CDM Smith received the largest payments.

| Recipient | Role and Work Undertaken | Amount |
|--|--|----------------|
| ODOT | Project owner; project strategy and development; procurement, oversight and management of consultant contracts; coordination with FHWA; engagement with the OTC; development of tolling policy | \$9.8 million |
| WSP USA and subconsultants | Prime consultant for I-205 and RMPP toll project development; managed deliverables and team of subconsultants | \$40.3 million |
| CDM Smith and subconsultants | Prime consultant for the back office/customer service design and roadside technology development for the ODOT Toll Program, including the I-205, RMPP and IBR toll projects; managed deliverables and team of subconsultants | \$12.0 million |
| Other prime consultants, public agencies, and others | Metro regional traffic modeling, City of Portland coordination, legal review, facilitation, toll rulemaking | \$4.1 million |

Some of the completed work could be repurposed to support future tolling efforts should the legislature direct ODOT to re-implement tolling. The work to develop tolls on I-205, including the environmental review, Level 2 traffic and revenue analysis, and toll gantry design work, could be used in the future should the legislature redirect that ODOT move forward with tolling the I-205 corridor. Similarly, the work to develop a tolling back office and customer service center—including the requirements and procurement documents—could be used for future development of a tolling back office. The work to develop tolling policies and rules, including the Low-Income Toll Program, tribal exemption, and administrative rules, would also provide a strong foundation for future work. The Oregon Transportation Commission dedicated \$60 million in federal resources in the STIP, with the remaining funding coming from state funds required to match the federal dollars. No federal funds need to be repaid as a result of halting the program.

3. Did ODOT consider directly contracting with an established toll operator?

Yes. ODOT went through an open public procurement process to select its tolling system operator, including customer service functions and back office invoicing and account management. That process ultimately selected a partnership between Deloitte and A-to-Be to operate the tolling system. Deloitte and A-to-Be developed a strategic collaboration focused on

providing electronic toll collection. A-to-Be is an experienced toll operator that received the Toll Excellence Award from IBTTA for the Illinois Tollway. A-to-Be's back office system handles over 1 billion transactions annually and manages over 5.5 million customer accounts. Deloitte has a strong connection to Oregon that includes working on large, transformational IT projects. Deloitte has over 25 years of experience with major financial institutions and payment processes, including those used by the Oregon Treasury.

ODOT was poised to begin active negotiation of the contract when the tolling program was paused. If tolling moves forward in the future, ODOT could update the program requirements and procurement documents, rather than starting from scratch.

4. Was ODOT directed to stand up a tolling program by the Oregon Transportation Commission or the Oregon Legislature?

HB 2017 directed the Oregon Transportation Commission to take action to toll both I-5 and I-205. Below is the text of Section 120 of HB 2017. Under the direction provided by the legislation, ODOT worked with the Oregon Transportation Commission to develop a tolling program for I-5 and I-205 after receiving input from a Value Pricing Policy Advisory Committee and taking extensive public comment. ODOT provided regular updates to the Legislature through the Joint Committee on Transportation and the Joint Committee on Ways & Means Subcommittee on Transportation and Economic Development.

(Traffic Congestion Relief Program)

SECTION 120.

(1) The Oregon Transportation Commission *shall establish a traffic congestion relief program.*

(2) No later than December 31, 2018, the commission shall seek approval from the Federal Highway Administration, if required by federal law, to implement value pricing as described in this section.

(3) After seeking and receiving approval from the Federal Highway Administration, the commission *shall implement value pricing to reduce traffic congestion.* Value pricing may include, but is not limited to, variable time-of-day pricing. *The commission shall implement value pricing in the following locations:*

(a) On Interstate 205, beginning at the Washington state line and ending where it intersects with Interstate 5 in this state.

(b) On Interstate 5, beginning at the Washington state line and ending where it intersects with Interstate 205.

(4) In addition to areas listed in subsection (3) of this section, the commission may implement value pricing in other areas of this state.

(5) Notwithstanding ORS 383.009, the revenues received from value pricing under this section shall be deposited into the Congestion Relief Fund established under section 120a of this 2017 Act for the implementation and administration of the congestion relief program established pursuant to this section, including but not limited to the Value Pricing Set-Up Project.

(6) Subject to any restrictions in an agreement with the Federal Highway Administration or other federal law, in addition to the amounts received from value pricing under this section, the

moneys in the Congestion Relief Fund shall be used to implement and administer the traffic congestion relief program.

(7) Before imposing value pricing, the commission shall report to the Joint Committee on Transportation established under section 26 of this 2017 Act.

(8) The commission may enter into agreements with the State of Washington, or the State of Washington's designee, relating to establishing, reviewing, adjusting and collecting tolls for the program described in this section. (emphasis added)

5. How did ODOT select the I-205 tolling project?

In 2017, the Oregon Legislature passed HB 2017, which directed the OTC to seek federal approval by December 2018 to implement variable time-of-day tolling on I-5 and I-205 in the Portland area (HB 2017, Section 120). Also in 2017, a note on ODOT's budget bill, HB 5045 (2017), directed the agency to use revenue from tolling to fund the I-205 improvement project, as no resources were provided in HB 2017.

Following this legislative direction, ODOT conducted a feasibility analysis of tolling on I-5 and I-205 and convened a Policy Advisory Committee with representation from city and county jurisdictions, transportation and multimodal organizations, business interests, and community groups. That analysis showed that tolling on or near the I-205 Abernethy Bridge would manage congestion and raise revenue for I-205 improvements, including reconstruction of the Abernethy Bridge and construction of a previously proposed third lane on I-205 between OR 99E and Stafford Road. Based on these findings, in 2018 the advisory committee recommended tolling on I-205 at the Abernethy Bridge to the OTC. The advisory committee also recommended congestion pricing on a section of I-5 through central Portland and exploring tolling on all of I-5 and I-205 to more comprehensively address congestion.

Upon receiving the advisory committee's recommendation, the OTC submitted a proposal to FHWA for the two toll projects to meet legislative direction. In coordination with FHWA, ODOT proceeded with the I-205 Toll Project and Regional Mobility Pricing Project, which analyzed tolling on all of I-5 and I-205 within the Portland metro region. After four years of planning and environmental analysis, the Legislature passed House Bill 3055 in 2021. In addition to allowing ODOT to use HB 2017 funds previously directed only to the Rose Quarter project on I-205, tolling, and Boone Bridge, this legislation clarified and reinforced the direction to continue work on tolling.

From 2021 through 2024, when Governor Kotek put the Oregon toll program on pause (other than the Interstate Bridge), ODOT was working on three toll projects:

- I-205, initially planned at Abernethy and the Tualatin River bridges, and after spring of 2023 only at the Abernethy Bridge
- Interstate Bridge Replacement Program
- Regional Mobility Pricing Program across all of I-5 and I-205 in the Portland metro region

Tolling on I-205 at the Abernethy Bridge was to be the first toll project because the bridge project was already under construction and funding was needed from tolls to pay for the project, consistent with legislative intent from HB 5045 (2017). Tolling on the Interstate Bridge and under the Regional Mobility Pricing were to follow when they had completed the environmental review process and were ready to move to construction.

6. What has caused the significant I-205 project cost increases?

The cost estimate for the I-205 Abernethy Bridge project has increased from \$248M in 2018 to \$495M in 2022 to \$815M in 2024 due to several factors:

- **Inflation & Supply Chain Issues:** The 2018 estimate was based on 15% design with a 3% escalation rate. Adjusting for the actual 90% escalation per the National Highway Construction Cost Index, the cost would have been approximately \$420M.
- **Scope Additions:** The City of West Linn added \$20M for waterline work, bringing the adjusted total to \$440M. Design changes between 2018 and 2022 accounted for an additional \$55M, resulting in the \$495M authorization.
- **Construction Risks & Challenges:**
 - o Unexpected soil matrix issues led ODOT to defer \$60M–\$100M of work for a specialized contractor.
 - o Excavation obstructions, including underground storage tanks and undetonated blast caps in the project area, as well as inaccurate bridge component plans led to \$30M in redesign and contract changes.
 - o Increased steel and tie-in work for seismic resiliency, overlooked in design, is expected to cost an additional \$100M–\$130M.

The \$815M total includes the \$495M construction authorization, \$60M in planning, design, and right-of-way, plus \$260M in additional construction challenges and risks.

ODOT is currently focused on reducing costs, monitoring risks, supplementing staff with consultant resources, and ensuring efficient oversight. Once the project is complete, responsibility for delays or errors will be assessed for potential reimbursement.

| | I-205 Package Cost-to-Complete (Construction Only) | Construction Authorization Amount Only | Current Cost Estimate (2025) |
|--|---|---|---|
| | 2018 | 2022 | |
| Planning, Design, & right-of-way phase costs | Not included in this construction estimate | Not included in this construction estimate | \$60M which is true for all three timeframes but not captured in 2018 and 2022 construction-only estimates. |
| Base Construction Estimate | \$248M | \$248M plus progression costs below | \$495M includes 2018 base estimate + inflation + cost adjustments through 2022 |
| | | | |

| | | | |
|---|---|--|---|
| Unanticipated cost changes | \$0 | \$55m developed through design changes | \$30M known construction issues encountered and resolved |
| Unresolved risks | | | \$60-100M in ground improvement risk (soil matrix) \$100-130M for seismic crossbeam tie-in adjustments Other future risks? Budgeted = \$230M |
| Scope added | | \$20M for West Linn waterline replacement <i>*paid for by City of West Linn</i> | |
| Inflation | 3% inflation included in estimate above | \$172M based on National Highway Construction Cost Index actual escalation rate of 90% | N/A – project is under construction |
| Total Construction Cost | \$248M | \$495M | \$755M |
| Total estimate including planning, design, right of way, and construction | | | \$815M |

7. How tall will the buildings be on the I-5 Rose Quarter cover?

The buildings on top of the Rose Quarter cover will be up to three stories tall due to the structural limitations of the cover. This is consistent with Albina Vision Trust’s plan for the community development plan on top and surrounding the cover.

8. Why has the fatalities and serious injuries rate on Oregon’s transportation system nearly doubled in the last three years?

Oregon traffic fatalities and serious injuries are the highest that they have been in three decades. Roadway deaths peaked in 2022 (603), and have gone down since that time, however serious injuries have increased. One of the biggest issues is impairment (drugs or alcohol), which was a factor in 71% of traffic deaths in 2022 and 67% in 2023.

More information on safety and driving factors can be found on ODOT’s State of the System Dashboard at: [Oregon Department of Transportation : State of the System - Safety : State of the System : State of Oregon.](#)

9. What would be the impact of a significant reduction in state funds to the Policy Data and Analysis Division?

The Policy Data and Analysis Division's (PDADs) 2025-2027 Governor's Budget totals \$195 million.

The line item for "Other (State)" funds is \$67 million, of which \$26.3 million is State Highway Funds and the remainder comes from the Transportation Operating Fund (\$11 million) and the Connect Oregon program (\$29.7 million)¹.

A portion of PDAD's "Other (State)" funds are used for indirect staff expenses across the Division. Indirect expenses include meetings and non-eligible federal expenses such as administration, coordination, and collaboration with our Area Commissions on Transportation (ACTs). ACTs serve as vital regional bodies made up of local elected officials and other stakeholders who help identify needs, solve regional transportation problems, and make recommendations to the Oregon Transportation Commission.

The remaining "Other (State)" funds are used as either match for federal grants, or to pay for the upgrade and maintenance of critical data systems. PDAD's federal Crash Data System Replacement Grant, for example, is \$12 million dollars and requires \$2.4 million in state matching funds. If ODOT were not able to leverage State Highway Fund dollars for this grant, we would not be able to modernize our statewide crash data management and reporting system. The current system is no longer supported and requires a significant amount of time intensive and manual data entry to develop the safety data used by ODOT, cities, counties and Tribes. If something breaks in the system, we will no longer have access to traffic safety information. The consequences of such a failure would include not meeting federal reporting mandates and not having information to identify where people are being killed or seriously injured. That information is key to prioritizing our limited safety dollars. This would have a direct impact to the traveling public by not being able to identify and therefore address our most unsafe roads and intersections in Oregon.

The Crash Data System is one of our many critical hubs for recording and reporting transportation data. Currently and through the next biennium, "Other (State)" funds are also being used to update other legacy data systems, such as our TransInfo platform. This platform hosts ODOT's asset information including bridge and pavement condition, culvert and drainage inventories, and data required to be reported as part of our ADA Settlement Agreement. It is the root system for all agency maps and geospatial locations as well. If upgrades to the TransInfo system are not made, ODOT will lose critical transportation asset information that would impede the Agency's ability to target transportation infrastructure funding to the most important needs.

¹ The \$29.7 million for Connect Oregon represents the spending limitation, whereas the program will run a competitive grant selection cycle within this timeframe at \$45-\$50 million. The spending limitation for Connect Oregon may be rebalanced, as needed.

Additionally, this system serves as the system of record for ODOT’s progress on compliance with the 2016 ADA settlement; failure to maintain this system could result in lack of compliance with the terms of the agreement.

Reductions in PDAD’s budget beyond “Other (State)” dollars, to the “Other (Fed as Other)” category would reduce federal funding coming in to ODOT. Of the \$128 million in this category of funding, approximately 10.27 percent of those funds (\$13 million) is State Highway Funds to match federal dollars. This would include a reduction in funding shared with local jurisdictions: our Metropolitan Planning Organizations, as well as cities and counties. These entities rely on these funds through programs like Transportation Growth Management (TGM), which supports integrated state and local planning to meet Oregon laws. Those plans in-turn direct the priorities for local transportation investments and are used by cities and counties to apply for federal and state grants.

In addition, ODOT planning efforts would be impacted that similarly use data to identify needs and priorities but across the state system. Projects come from plans. The budget for PDAD covers ODOT efforts from planning through project selection, including project scoping and estimates. A reduction in funds would impact the number of projects that can be scoped and the level of detail – and therefore accuracy – of project cost and schedule estimates. Funding could be pulled from projects to cover gaps in scoping but would result in fewer infrastructure needs being met for the traveling public.

| FUND TYPE | 2021-23 | 2023-25 | 2025-27 | Percent of GRB |
|----------------------|----------------------|------------------------|----------------------|----------------|
| | Actuals | Legislatively Approved | Governor's Budget | |
| General | \$3,000,000 | \$5,000,000 | - | - |
| Lottery | - | - | - | - |
| Other (State) | \$63,547,583 | \$93,005,232 | \$66,992,624 | 32.32% |
| Other (Fed as Other) | \$75,583,239 | \$118,789,926 | \$127,991,534 | 65.56% |
| Federal | \$176,048 | \$ 228,525 | \$235,074 | 0.12% |
| CATEGORY | | | | |
| Personal Services | \$57,419,510 | \$63,352,939 | \$65,554,008 | 33.58% |
| Services & Supplies | \$31,751,474 | \$101,695,775 | \$80,691,499 | 41.33% |
| Capital Outlay | \$23,422 | \$475,835 | \$495,820 | 0.26% |
| Special Payments | \$53,112,464 | \$51,499,134 | \$48,477,905 | 24.83% |
| TOTAL | \$142,306,870 | \$217,023,683 | \$195,219,232 | |
| Positions | 202 | 206 | 201 | |
| FTE | 192.32 | 198.46 | 196.55 | |