
Wednesday, July 19, 2023
12:00 PM – 1:30 PM

Meeting Link:

<https://clackamascounty.zoom.us/j/84523116174?pwd=bE5TaURMbVqyb3dtcEt5dTVtRTU1dz09>

Agenda

- **Toll Strategy Subcommittee Framework (10m)**
- **Reactions to ODOT Finance Plan Submitted to the Governor (15m)**
- **Nexus Projects and RTAC (25)**
 - Definition and Selection Criteria
- **Joint Values Draft (30m)**
 - Reactions to draft
 - Next Steps
- **Other Business (5m)**
 - Expanded Group

Attachments:

- C4 Toll Strategy Framework - DRAFT
- ODOT Finance Plan
- RTAC Nexus Memo
- DISCUSSION DRAFT Joint Values Document

C4 Toll Strategy Subcommittee Framework

Purpose:

- Coordinate on I-205 and RMPP tolling policies, with recommendations to C4
- Serve as Pre-Coordination meeting ahead of the Regional Toll Advisory Committee

Co-Chairs:

- Commissioner Paul Savas
- Commissioner Adam Marl

Membership

- C4 Membership
- Designate a Member and Alternate

Early Actions

- Coordination on Nexus Projects
- Drafting the Joint Values Document



Urban Mobility Strategy Finance Plan



JUNE 2023

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Cover photo: Aerial view of downtown Portland on a sunny day in the spring.

PURPOSE OF THIS FINANCE PLAN

On May 4, Governor Kotek directed ODOT to delay toll collection on I-205 and I-5 until January 1, 2026. In doing so, Governor Kotek reiterated that tolling would be a critical funding source for many of the projects in the state's Urban Mobility Strategy (UMS), and that moving tolling forward in Oregon must be equitable, include mitigation and must provide for congestion management. This direction came with the recognition that delaying toll collection would impact the overall UMS financing plan and that major projects will need to adjust their schedules to align with the availability of resources. As a result, Governor Kotek directed ODOT to provide her with an updated finance plan for the UMS by July 1, 2023.

ODOT developed the UMS in response to HB2017 and shifted focus to delivering projects in a more comprehensive manner. The associated funding strategies assumed in 2020 intended to provide significant mobility improvements by delivering a number of large-scale congestion relief projects on an accelerated schedule, with multiple projects moving toward delivery at the same time supported by multiple funding streams and several financing mechanisms to leverage these resources. In short, the project development and funding strategies assumed that several projects move at once and at their own pace, and financing of those projects should accommodate those differences in readiness, to maximize the purchasing power of the funding approved in HB2017. In 2021, HB3055 furthered this direction and provided for financing flexibility to the Urban Mobility Strategy as a whole, rather than a single project. This effort and strategy are the reason why Abernethy Bridge on I-205 is under construction.

Since the original development of the UMS, several key factors have changed and impacted the plan's costs and revenue sources.

- » The scope of various elements of projects have changed—particularly on the I-5 Rose Quarter Improvement Project, where a larger highway cover capable of supporting

taller buildings on top has been added and additional design refinements are underway.

- » Very high inflation in highway construction across the nation has driven project costs up significantly.
- » Delays in projects due to ongoing design refinements and environmental review, as well as delays due to lack of construction funding, have further exacerbated cost pressures.
- » The later start date for tolling has impacted this critical revenue stream, and the reliability of timing and yield for tolling revenues has diminished. This requires ODOT to revisit how much funding can be realistically assumed and bring forward more conservative financing strategies for the individual elements of the UMS.

This plan is designed to respond to Governor Kotek's direction and answer key questions about how to pay for the UMS projects in both the short and longterm. It describes how ODOT can bring available and potential funding sources to bear on delivering UMS projects. It lays out how much revenue ODOT can reasonably expect in the near future from House Bill 2017 funds and I-205 tolls to move projects forward to key milestones in the first phase of work under the UMS. It also looks out to the long-term at the total costs of the UMS projects and potential strategies to complete this work with additional funding sources, particularly when the Regional Mobility Pricing Project secures federal approval and toll collection begins.

THE URBAN MOBILITY STRATEGY

The Oregon Department of Transportation's Urban Mobility Strategy (UMS) is a comprehensive approach to make travel safer and more predictable in the Portland area by reducing traffic with tolls, addressing major highway bottlenecks, and making strategic multimodal transportation investments. The UMS consists of a suite of projects that have an intertwined finance plan that relies on the same funding sources. These projects include:

I-5 Rose Quarter Improvement Project will address one of the worst highway bottlenecks in the nation by adding an auxiliary lane on Interstate 5 that will connect I-84 and I-405 in both directions to reduce congestion and improve safety. The project will also improve multimodal connections across the freeway with the state's first highway cover, to reconnect the neighborhood separated and negatively impacted by the original construction of I-5.

I-205 Improvements Project includes three elements:

- » The I-205 Abernethy Bridge Project is constructing earthquake-ready upgrades to Abernethy Bridge, adding new lanes across the bridge, improving walking and biking around OR 43 and OR 99E, installing a sound wall, and improving the OR 43/OR 99E interchange;
- » I-205 Phase 2 Project includes the installation of a new travel lane between Stafford Road and the Abernethy Bridge, interchange improvements, bike and pedestrian improvements, and earthquake-ready improvements to nine other bridges along I-205;
- » I-205 Toll Project includes planning for and implementing tolling on I-205, including gantry construction and mitigation of toll traffic impacts.

I-5 Boone Bridge and Seismic Improvement Project

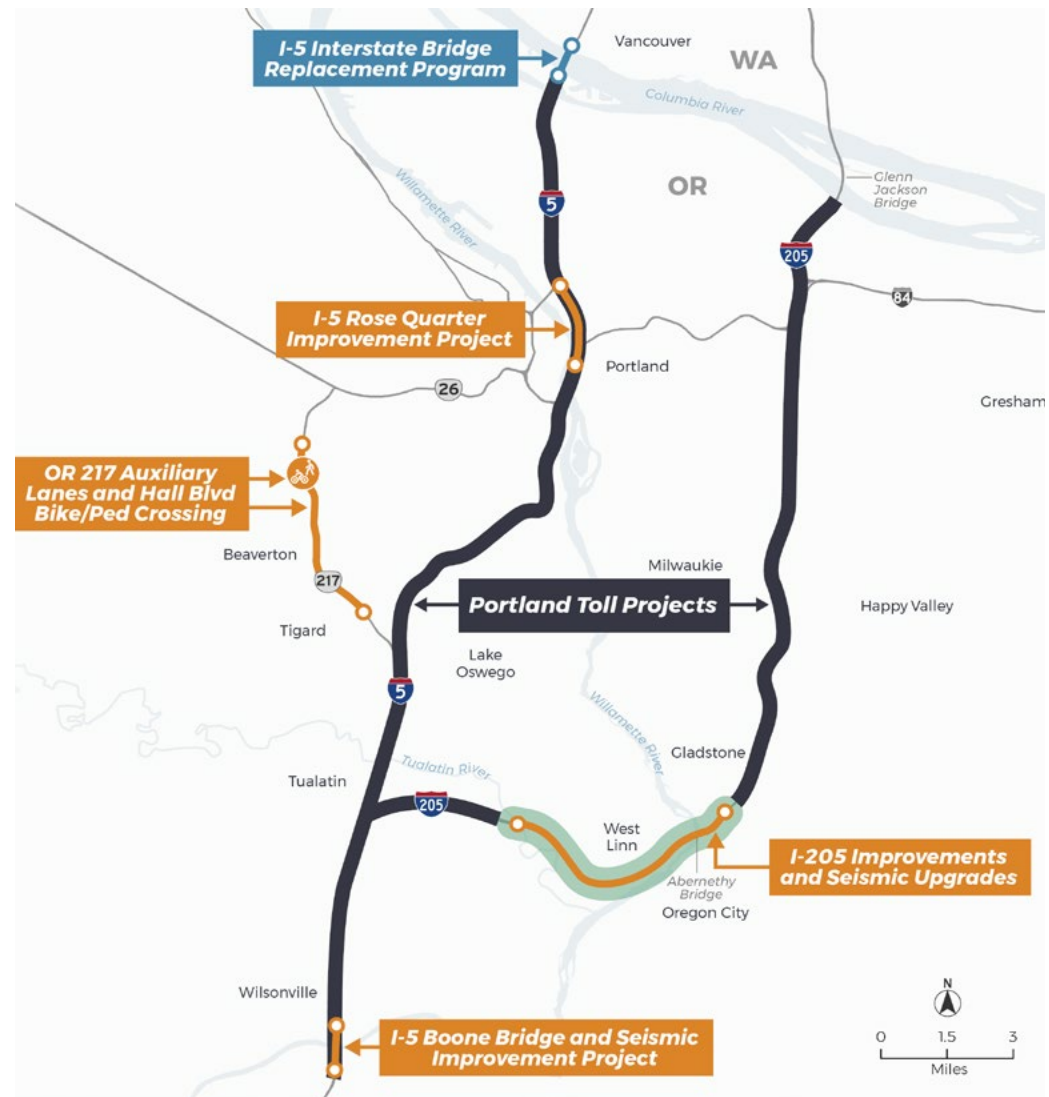
will reduce congestion and address seismic resilience by replacing the bridge over the Willamette River in Wilsonville with an earthquake-ready structure that carries an additional southbound auxiliary lane and provides an option for bicyclists and pedestrians in the project area.

Regional Mobility Pricing Project (RMPP) will manage congestion and vehicle miles traveled on I-5 and I-205 in the Portland metropolitan region through congestion pricing using variable rate tolls, and generate revenue for transportation improvements.

Toll System Implementation Project will develop the on-road vehicle identification system, customer service center, and customer account management systems required to implement tolls in the Portland metro region and potential future locations.

Tolling on I-5 and I-205 will play a key role in delivering the projects within the UMS. Variable rate tolling—a form of congestion pricing that uses higher prices at peak hours to provide an incentive to travel at other times and by other modes—will help manage traffic, and tolls will also help raise money to pay for the improvements in the UMS.

The total preliminary cost estimate for these projects is approximately \$3.7 billion to \$4.35 billion. **Table 1** shows the estimated costs and expenditures for each UMS project.



UMS project map, as of May 2023.

Table 1: Estimated Total Project Costs and Expenditures

Project	Estimated Total Cost (\$M) (Construction Year)	Notes
I-5 Rose Quarter Improvement Project	\$1,500 – \$1,900 (2025)	Range reflects an updated preliminary cost estimate, inclusive of the Hybrid 3 highway cover design as approved by the OTC in 2021, design refinements under development in response to public comment on the 2022 Supplemental Environmental Assessment, greater design and constructability detail on the project’s first two Early Work Packages with input from the CM/GC contractor, and an updated construction timeline and associated construction cost. More cost progression detail is provided in the “Completing UMS Projects” section below.
I-205 Improvements Project	\$1,290 – \$1,360	Includes all phases of construction and implementation of tolling, as well as mitigation of toll traffic impacts.
» I-205 Abernethy	\$662 (2022)	Includes environmental review and implementation of tolling at Abernethy Bridge and Tualatin River Bridge.
» I-205 Toll Project	\$80 – \$100 (2024)	Includes environmental review and implementation of tolling at Abernethy Bridge.
» I-205 Phase 2	\$550 – \$600 (2025)	Cost estimate based on partial design work.
I-5 Boone Bridge	\$600 – \$725 (2030)	Range reflects the limited analysis of project scope and costs at an early stage in the planning process.
Regional Mobility Pricing Project	\$200 – \$250 (2025)	Early estimated cost range prior to completing environmental review. A more specific estimate will be determined once ODOT selects a proposed approach to analyze in the environmental review process. Different options have widely varying capital costs depending on the number of gantries to install and other technology that must be included.
Toll System Implementation	\$115 (2024)	Includes implementation of commercial back office and customer service center. Ongoing operations costs not included.
Total	\$3,705 – \$4,350	

Notes:

- » Estimated Total Cost reflects costs for all project phases, including environmental review, design, right of way acquisition, cost of inflation to the estimated year of construction, and the cost of construction.
- » Construction Year reflects the currently planned start of construction. Delays to this construction year due to lack of construction funding or other factors will lead to higher costs. (See **Tables 6 and 8** for additional details.)
- » Expenditures To Date includes confirmed expenditures through April 2023 and estimated expenditures through June 2023.



Rose Quarter, April 2022.

URBAN MOBILITY STRATEGY FUNDING SOURCES AND FINANCING MECHANISMS

FUNDING SOURCES

The Urban Mobility Strategy relies on three funding sources.

- » **HB 2017 funds:** In HB 2017 the Legislature provided \$30 million annually for the I-5 Rose Quarter beginning in 2022; in 2021 HB 3055 allowed ODOT to use these funds to stand up tolling and contribute to I-205 and Boone Bridge, in addition to the Rose Quarter. These funds can be used both as a direct cash contribution to projects and as a repayment source for bonds. ODOT estimates HB 2017 will provide a total of \$560 million in total cash and bond proceeds.
- » **Toll revenue:** Tolls on the Interstates under the I-205 Toll Project and Regional Mobility Pricing Project (RMPP) will generate revenues that can be leveraged using financing tools.
- » **Other federal, state and local funds:** The UMS projects have already secured a variety of other federal, state and local funds. These could be supplemented by federal competitive grants provided under the Infrastructure Investment and Jobs Act (IIJA) such as the INFRA and Reconnecting Communities Pilot programs. To date \$157 million in other funds have been made available.

FINANCING MECHANISMS

ODOT plans to use a variety of financing mechanisms to leverage these funding sources into upfront cash needed to construct the UMS projects.

- » **Highway User Tax Revenue (HUTR) Bonds:** ODOT regularly issues bonds backed by the State Highway Fund to leverage gas tax and other revenue streams for projects. ODOT has already issued \$240 million in HUTR bonds against the \$30 million annual revenue stream for the UMS provided by HB 2017. ODOT plans to issue the second half of the UMS bonds in 2025.
- » **Toll-backed financing:** ODOT will use a variety of financing mechanisms backed by tolling.
 - *Federal TIFIA loans:* The federal Transportation Infrastructure Finance and Innovation Act (TIFIA) program offers loans with low interest rates and favorable financing terms, including lower coverage ratios and longer repayment dates. ODOT will likely utilize TIFIA to generate more resources from tolls.
 - *Toll-backed bonds:* ODOT may issue bonds to be repaid by toll revenue.
 - *Short-term borrowing:* ODOT has worked with the Oregon Treasury to create a \$500 million short-term borrowing program that uses commercial paper to provide interim financing, particularly for I-205 construction, prior to the beginning of toll collection on I-205. These short-term loans will be repaid after ODOT secures long-term toll financing from tolls on I-205.

AVAILABLE RESOURCES

With toll collection beginning after January 1, 2026 as directed by Governor Kotek, ODOT will need to shift more of the available HB 2017 resources to I-205 to fully fund construction of the Abernethy Bridge and cover the project’s cash flow needs. ODOT will need to avoid over-committing to additional project work to avoid running out of cash prior to long-term toll-backed financing – a TIFIA loan or toll-backed bonds – coming available in 2027. This will require the indefinite postponement of the I-205 Improvements Project Phase 2. With the I-205 Improvements Project Phase 2 on hold, ODOT will be unable to assess tolls on the Tualatin River Bridges under federal law, which will reduce available resources. ODOT will also need to add soil stabilization work to make the Abernethy Bridge earthquake ready that was deferred from the first phase.

Table 2 reflects estimated total funding by source.

Table 2: UMS Funding Sources

Source	Description	Amount Pre-Delay (\$M)	Amount Post-Delay (\$M)	Restrictions/Other Considerations
HB 2017/HB 3055	Total proceeds (cash and bonds) from \$30M/year of State Highway Funds dedicated to UMS projects under ORS 367.095 (2)(a)(A).	\$560	\$560	Funds can only be used to pay for the I-5 Rose Quarter Improvement Project; I-205 Improvements Project; I-5 Boone Bridge Project; and the Toll Program under ORS 383.150.
I-205 Toll-Backed Financing	Debt issued against future toll revenues from the I-205 Toll Project.	\$700	\$385	Subject to restrictions under federal law (23 USC 129) and Article IX Section 3a of Oregon’s Constitution (the highway fund restriction).
Other Federal/ State/Local	Other funds allocated to the UMS projects by OTC and local governments.	\$157	\$157	Funds must be used for the UMS projects for which they were allocated.
Total		\$1,417	\$1,102	

Assumptions:

- » **HB 2017:** Total resources available through bonding will depend on interest rates – higher interest rates than currently projected would reduce bond proceeds—and other market conditions. Until debt service on the second bond issuance starts in 2025, ODOT will use a portion of the \$30 million allocation as cash; delaying the bond sale and debt service payments increases the total amount of cash and bond proceeds available.
- » **I-205 Toll-Backed Financing:** Proceeds are based on the [Level 2 traffic and revenue analysis undertaken on the I-205 corridor](#), which also included tolls on the Tualatin River Bridges; a new Level 2 analysis will need to be undertaken on tolling only the Abernethy Bridge to verify the assumed amount. In that process, ODOT will explore multiple tolling scenarios with partners in the region, including a toll schedule based on the option modeled in the Level 2 analysis; a flatter toll schedule to limit financial impacts to those commuting at peak hours; a congestion pricing scenario that examines to what extent pricing alone can reduce congestion on the corridor; and a scenario with a higher revenue target. Total resources from tolling will vary based on the final toll rate structure approved by the OTC as well as financing terms and conditions, including interest rates and coverage ratios, as well as whether ODOT is able to access a TIFIA loan from the federal government.
- » **RMPP:** ODOT has not yet completed a Level 2 traffic and revenue analysis for the RMPP because the agency is working with the region to determine the proposed rate structure and potential toll rates to be analyzed in the environmental review process. As a result this finance plan does not include RMPP revenues.

URBAN MOBILITY STRATEGY PHASING

ODOT has planned to approach the UMS as a long-term program of projects spanning more than a decade. This phased approach aligns with the financial realities, as sufficient funding to pay for the entirety of the projects is not available in the near future. The first phase of the UMS laid out in this finance plan assumes and recommends that ODOT focus these resources on:

- » Completing the earthquake-ready Abernethy Bridge component of the I-205 Improvements Project and implementing tolling on the bridge;
- » Advancing design work for the I-5 Rose Quarter Improvement Project, including completing design for Early Work Packages, initial design of the highway cover and central project area (known as the Main Construction Package), and updating the project cost estimates to reflect the advanced design;
- » Undertaking early planning work on the I-5 Boone Bridge and Seismic Improvement Project;
- » Completing environmental review and advancing design of the Regional Mobility Pricing Project (RMPP);
- » Establishing the back office and customer service systems for an operational toll program.

This phase will get projects to a sufficient level of readiness that they can move forward in the future when additional funding is available beyond the currently available resources, which could include additional state funding, federal discretionary grants, or RMPP toll revenue.

Given the resources that will be available prior to collecting tolls under the RMPP, ODOT will be constrained to spending about \$1.1 billion on the initial implementation

of the UMS. ODOT proposes making the following funding available for each project to complete appropriate phases, as shown in **Table 3**. With the exception of I-205, which will need additional funds programmed in the Statewide Transportation Improvement Program (STIP) to complete the Abernethy Bridge and implementation of tolls, all amounts are within the amounts already approved by the Oregon Transportation Commission in the STIP.

These allocations total about \$1.1 billion, leaving little funding in reserve. This creates a risk that ODOT will have to return to the Commission for additional resources from other sources if costs come in higher than anticipated or revenues come in lower.



Table 3: Proposed UMS Funding and Outcomes Achieved

Project	Funding (\$M)	Spent to Date (\$M)	Description of Project Impacts
I-205 Abernethy Bridge	\$662	\$176*	ODOT will focus on completing the Abernethy Bridge project, which is under construction and planned to be completed in 2025, with tolling to begin in early 2026. With the indefinite postponement of Phase 2, completing the Abernethy Bridge project requires shifting \$50 million or more for soil stabilization on the Abernethy Bridge from Phase 2 to Phase 1, along with adding appropriate contingency.
I-205 Phase 2	\$0	\$0	I-205 Phase 2 will be indefinitely postponed.
I-205 Tolling	\$84	\$10	Tolling on I-205 will move forward only at the Abernethy Bridge initially, with toll collection beginning in early 2026. Indefinite postponement of Phase 2 will eliminate the Tualatin River Bridge toll gantries as part of the I-205 toll project.
I-5 Rose Quarter Improvement Project	\$158	\$114	ODOT will complete design of the three Early Work Packages and reach 30% design of the Main Construction Package by mid 2025, including updating the total project cost estimate to reflect the advanced design and outcomes of the environmental review process. However, funding for the Rose Quarter is constrained due to the shift of HB 2017 funding to I-205 allowed by HB 3055. Funding is not available for right of way acquisition nor utility relocation; absent additional investment, the project will not be able to move rapidly into construction when funding comes available.
I-5 Boone Bridge	\$4	\$1	Funding is available through preliminary planning; funding for environmental review, design and construction is not available so work will stop after completion of preliminary planning. Preliminary planning will be complete by early 2025.
RMPP	\$64	\$32	Environmental review and design will continue as planned, expected to be complete by early 2025, allowing final design and construction to begin afterward, with toll collection beginning as early as late 2026. Construction to be funded through toll revenue from the project.
Toll Systems Implementation	\$115	\$6	Work on back office and roadside systems will continue in order to begin toll collection on I-205 in early 2026, followed by the Interstate Bridge and RMPP. This project is fully funded.
Total Cost	\$1,087	\$339	
Available Funding	\$1,102		

*Includes preliminary engineering costs for Phase 2.

IMPACTS TO INTERSTATE BRIDGE REPLACEMENT PROGRAM

The Interstate Bridge Replacement Program (IBR) is a separate project with a distinct finance plan and funding sources, including federal discretionary grants, tolls on the Interstate Bridge, and contributions from Oregon and Washington. Tolling could begin in the first half of 2026, after implementation of toll systems and the start of tolling on I-205. The IBR does not rely on funding from HB 2017, I-205 tolls, nor the Regional Mobility Pricing Project, so it will not be impacted by the changes in toll collection and use of HB 2017 funds laid out in this finance plan, unless implementation of tolling is further delayed or does not happen. If this is the case, WSDOT will have to levy tolls on the Interstate Bridge. Regardless of who operates tolling on the Interstate Bridge, toll rates will be set jointly by the Oregon Transportation Commission and Washington State Transportation Commission.

WHAT HAPPENS IF TOLLING ON I-205 DOESN'T HAPPEN

While this finance plan makes reasonable assumptions about revenue from tolls on the I-205 Abernethy Bridge, toll funding will not be available until ODOT completes additional steps, including environmental approval by the Federal Highway Administration and toll facility designation and rate setting by the Oregon Transportation Commission. If tolling does not occur for any reason, by the end of 2025 the costs incurred by ODOT for UMS projects—particularly construction of I-205 Abernethy Bridge, as well as I-5 Rose Quarter design and development of tolling—will use up all available HB 2017 funds and other resources available for UMS projects and require more than \$300 million in additional funding. The gap could be less if tolling is halted earlier and ODOT is able to slow or stop spending on various projects—particularly toll implementation.



To cover this gap, ODOT would need to cut funding from projects included in the Statewide Transportation Improvement Program (STIP) to pay back short-term borrowing used to pay for the I-205 Abernethy Bridge project. Further delays of tolling could also cause significant challenges due to the need to match the timing of revenue to expenditures and stay within limits on short-term borrowing.

Table 4 summarizes the projected funding commitments through the end of 2025.

Table 4: Impact of Not Tolling I-205

Project	Projected Commitments Through End of 2025
I-205 Abernethy	\$662
I-205 Phase 2	\$0
I-205 Tolling	\$84
I-5 Rose Quarter	\$158
I-5 Boone Bridge	\$4
RMPP	\$64
Toll Systems	\$115
Total Expenditures	\$1,087
Available Resources*	\$717
Shortfall	\$370

**Includes HB 2017 and Other Federal/State/Local funds shown in Table 2: UMS Funding Sources.*



COMPLETING URBAN MOBILITY STRATEGY PROJECTS

After using available resources to advance the UMS projects, about \$2.6 billion to \$3.3 billion in total work will remain unfunded. While initial available funding is not sufficient to complete the UMS projects, ODOT is developing a long-term finance plan to secure the totality of funding needed to see the projects through to completion. Greater detail will be available after ODOT completes upcoming work, including:

- » Additional analysis of I-205 toll scenarios and associated revenues in 2023, including a Level 2 traffic and revenue analysis, in the environmental review process;
- » Analysis of potential RMPP options and toll frameworks in the environmental review process in 2023;
- » Analysis of RMPP revenues in a Level 2 traffic and revenue analysis in 2024; and
- » Ongoing refinement of project costs.

Potential funding sources for these projects include:

- » RMPP toll revenue;
- » Federal competitive grants, particularly the INFRA and Reconnecting Communities grant programs;
- » Funding from a future state transportation funding package;
- » Additional resources allocated by the Oregon Transportation Commission in the STIP.

COST OF CONSTRUCTION

ODOT, along with federal and industry partners, is tracking how the cost of construction is evolving, especially considering ongoing supply chain issues that are constraining market availability and pricing for labor and materials. The cost of construction will continue to affect the final construction costs for all UMS projects.

In recent years ODOT and other transportation agencies have experienced rapid construction cost escalation due to increased costs for labor and major construction commodities, among other factors. Since the first quarter of 2017, when ODOT first presented the I-5 Rose Quarter Improvement Project and I-205 Improvements Project cost estimates to the Oregon Legislature, the Federal Highway Administration National Highway Construction Cost Index has increased by 72%. Increases have been particularly sharp since 2020: from the fourth quarter of 2020 to the third quarter of 2022 (the last quarter for which data is available) highway construction costs went up 50%.

PROJECTS AND ADDITIONAL INVESTMENT NEEDS

I-5 Rose Quarter Improvement Project

ODOT will need additional funding beyond the \$158 million proposed in this finance plan to get the I-5 Rose Quarter Improvement Project ready for construction by completing the Main Construction Package design (advancing from 30% design to 100% design), buying right of way, and relocating utilities, as well as additional funding to construct the project.

In September 2021, the total project cost estimate was \$1.18 billion to \$1.45 billion. This initial cost range accounts for the scope changes with the Hybrid 3 design concept approved for design advancement by the Oregon Transportation Commission, including a longer and consolidated highway cover that is strengthened to support future development on top of the cover, providing increased local street connections over the cover, relocating the I-5 southbound off-ramp from Broadway to Wheeler, removing

the separated bicycle and pedestrian bridge at Clackamas, and widening the area for pedestrian and bicycle use along Broadway and Weidler. The cost range accounts for two highway development scenarios, with the lower range including a highway cover that supports building heights of one to three stories and the higher range including a highway cover that supports building heights of four to six stories.

At the time of this plan, ODOT has developed an updated total cost estimate of \$1.5 billion to \$1.9 billion for the full project. This updated cost estimate is based on advanced design for the project's first two Early Work Packages (A and B) and a preliminary design for the project's final Early Work Package (C) and Main Construction Package, which includes the highway cover and multimodal local street network. The increase in the updated cost estimate from September 2021 is a result of multiple factors:

- » Additional project scope changes and associated construction material quantity increases;
- » Enhanced design and constructibility understanding of the project's first two Early Work Packages based on construction manager/general contractor (CM/GC) input related to construction cost conditions;
- » Inflation effects of delay, with an updated project construction schedule that delays the start of construction by two years (from 2023 to 2025); and
- » Consideration of construction cost index increases and ongoing supply chain effects constraining market availability for labor and increased market pricing for materials (about 50% nationwide from 2020 – 2022).

Additional Project Scope Changes: ODOT is updating the project scope to incorporate design refinements in response to public comment received on the 2022 Supplemental Environmental Assessment. The responsive design refinements include two new structures over I-5, which increase material quantity for construction. The first is the reintegration of the separated pedestrian and bicycle bridge connecting the east and west sides of I-5 at NE Clackamas Street. The second is a new I-5 southbound off-ramp flyover structure at the Hybrid 3 relocated ramp location, to split the eastbound

and westbound traffic exiting I-5. Eastbound traffic would be routed over the new flyover structure over I-5, to connect to Weidler where the current I-5 northbound off-ramp is located. Westbound traffic would be routed to the intersection of Williams/Wheeler/Ramsay. The design refinements also consider several options for how the I-5 southbound off-ramp intersects with the local street system.

Enhanced Design and Constructibility Understanding: Since September 2021, the project's first two Early Work Packages (A and B) have progressed from 30% to nearly 90%, providing a better understanding of the design detail and constructibility to inform project cost. Input from the CM/GC contractor, as well as information from the 2022 Supplemental Environmental Assessment, have also supported the design detail and associated costing. As noted in the "Construction Cost" section above, increases in the cost estimate are also attributable to rising labor and material costs. With CM/GC contractor input, recent market conditions are considered in the updated cost estimate.

Inflation Effects of Delay: The project's construction schedule has also been delayed by two years. The 2021 cost estimate assumed construction starting in 2023, beginning with Early Work Packages. The Main Construction Package, inclusive of the Hybrid 3 highway cover design, was assumed to start in 2026. With incorporation of the recent design refinements described above, the start of construction was delayed to 2025 for the Early Work Packages and 2028 for the Main Construction Package, pending availability of construction funding.

Based on the updated cost estimate of \$1.5 billion to \$1.9 billion, ODOT will need approximately \$1.35 billion to \$1.75 billion in additional funding to complete the project design and construction.

Table 5 shows the additional investments needed (beyond the funding identified in Table 3) to complete design and right of way acquisitions and utility relocations to ready the project for construction, as well as to complete project construction. An additional \$100 million to \$140 million is needed to ready the project for construction, while an additional \$1.25 to \$1.6 billion is needed to complete construction of all work packages.

Table 5: I-5 Rose Quarter Improvement Project – Additional Investments

Element	Cost (\$M)	Notes
Additional Investments Needed to Ready for Construction		
Finalize design	\$40 – \$60	Funding would complete all work needed to get the project ready for construction. Funding is currently available to complete design for the three Early Work Packages and advance Main Construction Package design to 30%. Design, right of way and utility work could be complete by 2025 if funding is provided in 2023.
Right of Way and Utilities	\$60 – \$80	Purchase all property and complete utility relocations needed to ready for construction of Early Work Packages and Main Construction Package.
Additional Investments Needed to Ready for Construction		
Early Work Package Construction	\$300 – \$375	Early Work Package construction can move forward within two years of funding being made available, but will have minimal congestion relief benefits prior to construction of Main Construction Package.
Main Construction Package	\$950 – \$1,200	Includes significant improvements on I-5 and construction of highway cover to reconnect Albina neighborhood. Can move forward as early as 2028, pending completion of design and availability of funding.

Cost estimating will continue throughout project design; refined cost estimates will be completed when finalizing the Early Work Package designs and advancing the Main Construction Package design.

Project delays significantly impact costs, as inflation increases the cost of construction and continues to do so over time. Table 6 summarizes the inflation impact, assuming a 3.5% annual inflation rate, for any additional delays to the start of construction of the I-5 Rose Quarter Improvement Project. This demonstrates the cost of delay due to inflation depending on the construction start year, independent of any other changes or factors.

Table 6: Cost of Inflation on I-5 Rose Quarter

Construction Year and Associated Total Project Cost Estimate (\$M)				
Project	2025	2026	2028	2030
<i>I-5 Rose Quarter</i>	\$1,500 – \$1,900	\$1,550 – \$1,975	\$1,650 – \$2,100	\$1,775 – \$2,250

Funding sources for remaining phases of the Rose Quarter could include:

- » Revenues from RMPP tolls, which have not yet been estimated as ODOT and the region have not yet determined the project’s tolling framework;
- » Federal competitive grants such as INFRA and Reconnecting Communities. ODOT anticipates that these grants could provide \$100 million or more for the project. Reconnecting Communities funding could be critical to funding the project’s highway cover. Securing federal grants will require identifying much of the project’s funding so the federal funding can complete the project’s construction funding;
- » Additional state funding; and
- » Funding from the STIP.

I-205 Phase 2

I-205 Phase 2, which includes bridge investments to make the corridor earthquake-ready as well as a third lane between Stafford Road and the Abernethy Bridge, is estimated to cost approximately \$550 million to \$600 million. Much of this cost could be covered by tolls on the I-205 Tualatin River Bridges or from RMPP toll revenue generated on the I-205 corridor. Funding could also be provided from future state and federal resources in the STIP, and ODOT could also seek federal competitive grant funding, such as an INFRA grant from US DOT.

After implementation of tolling on the Abernethy Bridge in 2026 and further analysis of traffic impacts from the RMPP, ODOT will assess the need, timing, and resources available for these improvements on the I-205 corridor. Additional environmental review and federal approvals are required for this phase.

Table 7 shows the additional investment needs for I-205 Phase 2.

Table 7: I-205 Phase 2 – Additional Investments

Element	Cost (\$M)	Notes
Tualatin River Bridges and Borland Bridge	\$125 – \$175	Replacing Tualatin River Bridges and Borland Bridge with new structures will make the corridor earthquake ready (using interchange ramps for temporary detours). Could move forward independent of the additional lane in 2024 if funding is available and environmental review is complete.
Full I-205 Phase 2 (additional lane and all bridges)	\$550 – \$600	Adds a missing third lane between Stafford Road interchange and Abernethy Bridge over the Willamette to provide significant safety improvements and congestion relief. Includes replacement of Tualatin River Bridges and seismic upgrades to a total of nine bridges to make the corridor fully earthquake ready. Requires completion of environmental review.

The cost estimate for full I-205 Phase 2 shown in **Table 7** is based on a construction start in 2025. **Table 8** summarizes the cost of inflation with delay to the I-205 Phase 2 construction start, reflecting the cost of inflation alone and absent any other changes or factors.

Table 8: Cost of Inflation on I-205 Phase 2 (Full Project)

Construction Year and Associated Total Project Cost Estimate (\$M)				
Project	2025	2026	2028	2030
I-205 Phase 2 (Full Project)	\$550 – \$600	\$570 – \$620	\$610 – \$670	\$650 – \$715

I-5 Boone Bridge and Seismic Improvement Project

The I-5 Boone Bridge and Seismic Improvement Project is early in the project development process, having only recently started preliminary planning work. It is the UMS project farthest from construction, with a projected construction start date of 2030. Funding may be available in the future from RMPP toll revenues, future state contributions, funding in the STIP, and federal grants such as INFRA. ODOT does not plan to begin environmental review and design until greater clarity on funding opportunities for the project is available after the RMPP Level 2 traffic and revenue analysis is complete.

Table 9 shows the additional investments needs for I-5 Boone Bridge.

Table 9: I-5 Boone Bridge – Additional Investments

Element	Cost (\$M)	Notes
Environmental review and design	\$50	Will complete environmental review and design to get the project ready for construction.
Construction	\$545 – \$670	Estimate will be refined through environmental review and design processes.

Regional Mobility Pricing Project (RMPP)

The RMPP's costs are expected to be covered from the tolls collected on the project. ODOT will gain insight into projected funding from RMPP after completion of a Level 2 traffic and revenue analysis in 2024. **Table 10** shows the additional investment needs for RMPP.

Table 10: Regional Mobility Pricing Project – Additional Investments

Element	Cost (\$M)	Notes
Final design and construction	\$140 – \$190	Construction costs will depend on decisions made through the environmental review process, including the number of gantries and other technology required. The current schedule shows toll collection could begin about two years after NEPA and final design are complete.

Memorandum

Date	6/20/23
To	Regional Toll Advisory Committee Members
From	ODOT Project Team
Subject	RTAC Nexus Projects: Draft definition, screening criteria, and process for project selection

At the June 26 meeting of the Regional Toll Advisory Committee (RTAC), members will discuss key steps to develop a list of priority roadway, pedestrian, bicycle, or other projects to complement a tolling system in the Portland metropolitan area. A draft definition for “nexus” projects and possible selection criteria have been compiled to initiate discussion. The ideas contained were based on the following:

- RTAC adopted charter “factors” for consideration
- Adopted Public Transportation Strategy (PTS) screening criteria and process
- [ODOT Great Streets Program](#) selection criteria, which was suggested by an RTAC member
- Results of office hours and member feedback

Nexus Project Definition

Nexus projects are roadway, bike, pedestrian or other mobility projects or programs that could complement a tolling system on I-5 and I-205 in the Portland metropolitan area by:

- Addressing an anticipated negative impact, OR improving access to public transportation, OR improving mobility options near the tolled highway, AND
- Providing access to opportunity or addressing transportation-related disparities and barriers experienced by the Toll Projects’ Equity Framework communities.¹

Selection Criteria Examples

- **Project readiness.** Included in regional transportation plan or a local plan, early planning conducted, public engagement conducted, and/or completeness of project design.
- **Safety.** Addresses a safety need.

¹ See definition on page 1 of the [Equity Framework](#) adopted by the Equity and Mobility Advisory Committee: people experiencing low-income or economic disadvantage; Black, indigenous and people of color (BIPOC); older adults and children; persons who speak non-English languages, especially those with limited English proficiency; persons living with a disability; and, other populations and communities historically excluded and underserved by transportation projects. *ODOT. Toll Projects’ Equity Framework. Updated December 3, 2020.*

RTAC Nexus Projects: Draft definition, screening criteria, and process for project selection

- **Traffic operations.** Improves reliability and supports congestion relief.
- **Urgency of need.** Addresses essential repair or provides a critical connection.
- **Climate.** Contributes to vehicle miles traveled (VMT) and greenhouse gas (GHG) emissions reduction.
- **Transit.** Connects to/expands access to public transportation or complements a Public Transportation Strategy project and/or supportive service.
- **Benefits.** Provides benefits to the community, economy, and environment.
- **Ownership.** Proposer owns facility or has knowledge of owner support.
- **Geography.** Located within impacted corridor as defined by Oregon Highway Plan² or in a [Metro Mobility Corridor](#)
- **Funding.** Leverages existing or future funding opportunities (local, federal or other state).
- **Project cost.** Project development, construction and maintenance.

Next Steps for Project Selection

- June 26 RTAC meeting: Finalize nexus definition; discuss and refine draft selection criteria and process
- July 24 RTAC meeting: Finalize selection criteria and process.
- July 31: ODOT project team distributes nexus project intake form to member agencies.
- September 4: Due date for submission of nexus projects.
- September 18 RTAC meeting: Discuss submitted projects based on selection criteria.
- October RTAC meeting: Refine nexus and PTS project list and determine next steps.

² The “corridor,” defined as the immediate area of impact adjacent to the priced facility, generally within 1 mile or as defined through the project-specific analysis as being impacted by the project. Additionally, the corridor is limited to facilities that generally move traffic in the same directions. *Oregon Highway Plan – Policy Amendment 2022 (Tolling)*. Goal 6: *Tolling and Congestion Pricing*. Adopted January 12, 2023.

DRAFT JOINT VALUES OF THE CLACKAMAS COMMUNITIES

ON I-205 TOLLING AND REGIONAL CONGESTION PRICING

DRAFT

Clackamas County jurisdictions support a functional regional transportation system that prioritizes safety, equity, a vibrant economy, healthy and active communities, climate action, disaster resilience, and the reliable movement of people and goods.

We acknowledge that additional transportation funding is needed to address maintenance and capital projects on the interstate system. We recognize ODOT has been directed to pursue pricing in some form, but also that toll collections have been paused until 2026 in order to better address local concerns. If interstate pricing is implemented, the jurisdictions listed here will advocate for the following values to be reflected in any proposed policy or project.

To rebuild trust with local communities, ODOT should...

- Deliver clear benefits to the drivers, communities, and businesses affected by toll corridors
- Be influenced by local voices and jurisdictions ahead of implementation
- Prioritize robust and inclusive community engagement
- Incorporate and track commitments made with local and regional partners

To ensure the transportation system works for Oregonians, the OTC and the State Legislature should direct ODOT to...

- Extend the existing revenue sharing models with local jurisdictions to apply to toll revenues
- Prioritize the completion of the bottleneck projects identified in HB 2017
- Explore alternative funding mechanisms beyond pricing to address transportation funding needs

To ensure the efficient and equitable movement of people and goods, tolling or congestion pricing programs should...

- Decrease diversion into local communities
- Increase safety on and off the interstate system
- Ensure that no tolling or congestion pricing occurs on any one part of the system prior to full system implementation to avoid economic disadvantages or unfair burdens on people and communities
- Maintain a regionally balanced transportation system that provides reliable travel times for commuters and employers on and off the tolled corridor
- Establish viable travel alternatives to accommodate mode shifts, including bicycle and pedestrian networks and accessible transit programs in areas with inadequate or no service
- Improve transportation system resiliency to natural disasters, such as earthquakes and wildfires
- Improve regional air quality and reduce vehicle pollution, both on and off the interstate system
- Establish a long-term oversight and accountability program to showcase financial transparency
- Incorporate recommendations from the Low-income Toll Report and the Equity Mobility Advisory Committee (EMAC)

This document is not an endorsement or acceptance of any proposal to implement tolling or congestion pricing.

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