



Oregon

Tina Kotek, Governor

Oregon Transportation Commission

Office of the Director, MS 11

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Salem, OR 97301-3871

DATE: August 1, 2024
TO: Oregon Transportation Commission

FROM: Kristopher W. Strickler
Director

SUBJECT: **Agenda X** – Amend the 2024-2027 Statewide Transportation Improvement Program (STIP) to increase funding for *US26 (Powell Blvd): SE 99th Ave - East City Limits* project.

Requested Action:

Approve amending the 2024-2027 Statewide Transportation Improvement Program (STIP) to increase the project funding for the *US26 (Powell Blvd): SE 99th Ave - East City Limits* project (K21178) from \$119,231,500 to \$158,786,600, for a total increase of \$39,555,100.

Project to increase funding:

US26 (Powell Blvd): SE 99th Ave - East City Limits (K21178)			
PHASE	YEAR	Current	Proposed
Preliminary Engineering	2018	\$19,030,430	\$19,030,430
Right of Way	2020	\$25,140,344	\$24,854,000
Utility Relocation	2023	\$1,119,098	\$1,119,098
Construction	2025	\$73,246,628	\$113,088,072
Other	2022	\$695,000	\$695,000
TOTALS		\$119,231,500	\$158,786,600

The additional \$39,841,444 of funding in the Construction Phase is coming from:

Fund/Description	Amount
FFY24 Redistribution Funding	\$25,000,000
ADA GARVEE Bond funds	\$8,000,000
City of Portland – Portland Water Bureau - city's share of the waterline work	\$5,000,000
City of Portland – Bureau of Environmental Services (IGA for \$450,000 and CIA for \$61,500)	\$511,500
Utility add-work agreements (Lumen, NW Natural, and Ziplly)	\$43,600
Funds previously de-obligated from Other phase	\$1,000,000
Unneeded funds from the Right of Way phase	\$286,344
TOTAL	\$39,841,444

Background

The purpose of the *US26 (Powell Blvd): SE 99th Ave - East City Limits* project (K21178) is to make safety improvements to US26 (SE Powell Blvd) that include sidewalks, buffered bike lanes, enhanced pedestrian crossings, and a center turn lane. In 2007, ODOT began collaborating with the residents of East Portland and the city of Portland on how to turn Powell Boulevard into a safe and high-quality corridor to better serve the community with a specific focus on improving conditions for people walking, biking and accessing public transportation. The Oregon legislature provided funding, through House Bill 2017, for ODOT to design and construct the project on SE Powell Blvd from SE 99th Avenue to the east city limits (just past SE 174th). Upon completion of construction, the corridor will be jurisdictionally transferred to the city of Portland.

Throughout the design phase, the design team utilized several tools to continually manage the project costs and find opportunities for cost reductions and project efficiencies including:

- **A Value Engineering (VE) Study** at the Design Acceptance Package (Dec 2020) – This study found cost reductions in stormwater design, set expectations for close coordination with utilities and work zones to minimize risks, and established the need for early procurement packages to reduce schedule risks.
- **Constructability Workshop with the Association of General Contractors (AGC)** (Jan 2022) between Advance and Final plans – Contractors provided valuable information that the team used to assess an alternative traffic control strategy, as well as unit cost info that led to a refined cost estimate.
- **Cost Risk Analysis (CRA)** at the Advance and Final plans stage (May and Aug 2022) – The CRA evaluated and confirmed appropriate market conditions, unit prices, and contingencies; and addressed strategies to mitigate top project risks.
- **Variability analysis for unit costs and quantities** (each project milestone) – This cost estimating tool further refined estimate certainty range.
- **Project Risk Register** (ongoing) – This project management tool continually identified and assessed project risks and determined the best risk response strategies to mitigate cost and schedule impacts.
- **Project Financial Plan** (ongoing) established during design in collaboration with Division leadership, the Finance Office and Statewide Project Delivery Branch to identify costs risks and develop long term funding strategies to deliver the project through construction completion.

Even with these measures in place, some cost elements grew beyond what the project team could control and estimated project costs expanded past the available funding. ODOT now seeks to add \$39.8 million to the CN phase to ensure that when the project is bid, there are adequate funds to support the project for the full five-year construction duration. To do so, ODOT is seeking to add \$39.8 million to the construction phase via:

- \$5.5 million from the city of Portland to cover agreed upon improvements on their behalf.
- \$8 million in ADA funding for replacement of over 240 ADA settlement ramps.
- \$25 million from the FFY 2024 Redistribution process to cover the following:

- \$15 million: Increased effort to administer a 5-year construction contract. This project originally anticipated a Construction Engineering (CE) budget of 20% of the biddable items. Since the project cost was originally estimated, the biddable item costs and the percentage guidance for CE budgets have both increased. For a project of this complexity (urban arterial, multiple partner agencies, five-year construction duration) the recommended CE percentage is now 30% to 40%. The increased CE estimate is based on lessons learned from recent long-term projects such as OR217 and Abernethy Bridge, and guidance from the statewide construction office.
- \$10 million: Additional funding to cover design, right of way and material costs due to two-year delay associated with resolving contracting methodology and approach. The delay required extensions of temporary ROW easements, additional consultant work to update project plans and specs with updated requirements, and additional ODOT work to review and coordinate additional final design and contracting submittals.
- \$1.3M for Portland Water Bureau and other utility relocation work.

Outcomes:

With approval of the increased project funding, ODOT will proceed to fund, award, and construct *US26 (Powell Blvd): SE 99th Ave - East City Limits* project as described above.

Without approval, ODOT will not move forward with constructing the entire project alignment in one contract. ODOT will direct the design team to revise the plan set to deliver a segment of the project alignment, from SE 136th to 174th, and to develop a second set of plans for SE 99th to SE 122nd for delivery at a future date, when funding is secured. ODOT will request a STIP amendment at your October 2024 meeting to add funding from the City of Portland and the ADA program and to revise the project limits.

This revised approach will result in the following impacts:

- Additional design costs to divide the project into multiple bid packages.
- Increased total construction cost due to inflation impacts on delayed work.
- Additional costs due to inefficiencies from splitting the project into multiple packages.
- Delayed completion of the city of Portland Water Bureau work on the west segment
- New or amended intergovernmental agreements with our project partners at the city of Portland to split the project, which could further delay both phases.
- Delay of safety improvements for all Outer Powell roadway users.
- Delay of the Jurisdictional Transfer to city of Portland.

Attachments:

- Attachment 1 – Vicinity and Location Maps