

Memo



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Date: May 21, 2022
To: Metro Council and Interested Parties
From: Ken Lobeck, Funding Programs Lead
Subject: May #1 2022 MTIP Formal Amendment & Resolution 22-5265 Notification and Approval Request
I-205: I-5 - OR 213, Phase 1A Project Amendment (Abernethy Bridge segment)

FORMAL AMENDMENT STAFF REPORT

FOR THE PURPOSE OF AMENDING THE 2021-26 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP) TO INCREASE THE CONSTRUCTION PHASE FOR THE I-205, I-5 to OR 213, PHASE 1A PROJECT ALLOWING THE CONSTRUCTION PHASE TO MOVE FORWARD AND BE IMPLEMENTED (MY22-11-MAY1)

BACKGROUND

What This Is:

The May #1 2022 Formal Metropolitan Transportation Improvement Program (MTIP) Formal/Full Amendment contains two projects. Both projects are being submitted and processed for final Metro approval under separate resolutions. The first project under MTIP Amendment MY22-11-MAY1 is contained in Resolution 22-5265. The project is the I-205: I-5 - OR 213, Phase 1A Project (Abernethy Bridge improvement segment).

What is the requested action?

JPACT approved Resolution 22-5265 on May 21, 2022 consisting of the I-205, I-5 - OR 213, Phase 1A project which requires a cost increase to the construction phase which will enable the construction phase to then move forward, and now recommends approval by Metro Council

Proposed May1 2022 Formal Amendment Amendment Type: Formal/Full Amendment #: MY22-11-MAY1 Total Number of Projects: 1					
ODOT Key #	MTIP ID #	Lead Agency	Project Name	Project Description	Description of Changes
Project #1 Key 22467	71251	ODOT	I-205: I-5 - OR 213, Phase 1A	Abernethy Bridge segment to include bridge reconstruction/widening, lane widening, roundabout at I-205/OR43 IC construction, OR99 IC reconstruction, sound walls, stormwater improvements, and various paving, signage, and landscaping	COST INCREASE: Add \$120 million to the construction phase based on updated submitted construction phase bids to cover the phase funding shortfall.

AMENDMENT SUMMARY:

ODOT initially notified Metro of the urgent cost increase amendment needed for the I-205: I-5 - OR 213, Phase 1A, Abernethy Bridge segment) on April 8, 2022 for Key 22467, I-25: A subsequent STIP and MTIP programming occurred then on April 13th to coordinate and resolve any programming issues. Due to the urgent nature to complete the full/formal amendment, several early programming decisions were made with limited information that resulted in a few processing hiccups which have now been corrected.

The May #1 2022 Formal MTIP Amendment bundle involves adding \$120 million to the construction phase for the I-205, I-5 - OR 213, Phase 1A project (Abernethy Bridge improvement segment). The added funding increases the project's construction phase cost from \$375 million to \$495 million and represents a 32% cost increase to the project. The cost increase results from higher than expected submitted construction phase bids for the project. Oregon Transportation Commission (OTC) approval is required to commit the additional funding and occurred on April 29th and not May 12th as initially scheduled. JPACT is scheduled to consider the amendment on May 16th with final Metro approval scheduled for May 24th.

TPAC 5-6-2022 Meeting Summary:

Ken Lobeck, Metro Funding Programs Lead provided TPAC a summary of the formal amendment. He summarized the construction bid submission issue which resulted in higher than expected bids. This discussion followed an earlier inflation discussion among TPAC members. As a result of the higher project cost, ODOT requested an accelerated amendment approval process to address the funding shortfall. However, the accelerated format resulted in some minor programming mistakes which were clarified to TPAC members and corrected for JPACT. These included:

- Starting project costs and the discrepancy between the MTIP and ODOT. The cost increase for the project raises the construction phase to \$495 million. However, Chris Ford, ODOT, and Chris Deffebach noted that the amendment starting costs and ODOT costs were different, but the end total was correct. Initially, this was thought was due to an obligation discrepancy for the construction phase, but upon a more detailed review, Ken Lobeck discovered that the issue was really a translation discrepancy issue in the MTIP Worksheet. ODOT's starting amount of \$375 million is correct. The cost increase of \$120 million is correct and is not \$135 million. Impacted MTIP amendment documents are being corrected as a result.
- OTC Action scheduled for May 12th: ODOT initially informed Metro that the cost increase would be addressed by OTC at their May 12th meeting. ODOT also stated they were trying to accelerate the OTC date. Chris Ford, ODOT, informed TPAC members that OTC did meet earlier on April 29th and did approve the cost increase for the project. OTC approval is required to satisfy the MTIP's Proof of Funding requirement and to demonstrate fiscal constraint in the MTIP. With OTC's action, the amendment can proceed to JPACT without an approval condition from OTC.
- Composition of the approved funding supporting the cost increase: While no mistakes were made here, the rush to complete the initial programming documents for TPAC limited the time for ODOT to provide added details about how they will cover the cost increase. Several TPAC members requested additional details about how ODOT will use the bonding capacity from HB3055, or use other funding mechanism to secure the \$120 million for the construction phase. These comments were tied to an earlier discussion to have an expanded discussion at a future TPAC about inflations impact upon transportation projects. Chris Ford

stated ODOT was now more prepared to provide these details and would cover this when the inflation topic was presented.

With no further discussion, TPAC unanimously provided their approval recommendation to JPACT to approve the cost increase under Resolution 22-5265 for the I-205: I-5 - OR 213, Phase 1A (Abernethy Bridge segment)

JPACT Meeting 5-21-2022: JPACT approved Resolution 22-5265 on May 21, 2022.

Added Final Notes:

1. OTC approved the funding increase for the project on April 29, 2022, OTC approval was advanced from the original May 12, 2022 date.
2. A comment log was developed, yet only a few email comments were submitted. They have been sent on to Metro's Communications staff and JPACT.
3. The TPAC staff report contained a funding error which reflected the starting amount at \$359 million instead of the \$375 million correct starting point. All applicable documents for JPACT and Council have been corrected to reflect the project funding starting point at \$375 million.

A more detailed overview of both projects follows the acronym list

Below is a summary list of transportation acronyms used in the report:

- I-205 = Interstate 205
- ADVCON = Generic Advance Construction fund type code where the future federal fund code is not yet known.
- Cons or CN = Construction phase
- FFY = Federal Fiscal Year (e.g. October 1 through September 30)
- FHWA = Federal Highways Administration
- FMIS = FHWA's Financial Management Information System
- HB3055 = State funds from Oregon approved HB3055
- MP = Mile Post limit markers on the State Highway system
- NHFP = Federal National Highway Freight Program funds
- ODOT = Oregon Department of Transportation
- OTC = Oregon Transportation Commission
- PE = Preliminary Engineering
- ROW/RW = Right of Way phase
- SFY = State Fiscal Year (July 1 through June 30 of each calendar year)
- State = General state funds used as the match requirement for federal funds committed to a project. Also may be committed as stand-alone funding (state only funds) for a project.

A detailed overview of each project amendment in the bundle begins on the next page.

Project 1		I-205: I-5 - OR 213, Phase 1A	
Lead Agency:	Metro		
ODOT Key Number:	22467	MTIP ID Number:	71251
Projects Description:	Project Snapshot:		
	<ul style="list-style-type: none">• <u>Quick Amendment Summary:</u> The amendment adds \$120 million to the construction phase enabling construction to now move forward.• <u>Metro UPWP Project:</u> No This a large capital, capacity enhancing project being implemented• <u>Proposed improvements:</u> Key 22476 is also referred to as the Abernethy Bridge segment and will include bridge reconstruction/widening, lane widening, roundabout at I-205/OR43 IC construction, OR99 IC reconstruction, sound walls, stormwater improvements, and various paving, signage, and landscaping.• <u>Source:</u> Existing project• <u>Amendment Action:</u> The amendment:<ul style="list-style-type: none">○ Adds the \$120 million to the construction phase to address the funding shortfall from the higher bids○ Updates one of the programmatic fund type codes to reflect the NHFP federal contribution to the project.○ Updates the “Other” phase funding source from HB3055○ Increases the revised total cost to be \$495,350,350• <u>Additional Amendment Evaluation Required:</u> Yes. Upon additional review, a special amendment evaluation update was deemed required.• <u>Funding:</u> The current funding for the project primarily relies on the federal Advance Construction fund code for programming purposes. A portion of the project funding be sourced from available National Highway Freight (NHFP) federal funds. Adding bonding capacity from HB3055 is anticipated will later replace the Advance Construction fund code.• <u>FTA Conversion Code:</u> Not applicable. No transit funds are involved. The federal funds will not be flex transferred to FTA.• <u>Location, Limits and Mile Posts:</u><ul style="list-style-type: none">○ Location: I-205○ Cross Street Limits: About a mile + before and after the Abernethy Bridge on I-205○ Overall Mile Post Limits: MP 8.30 to MP 11.09 (approximately 2.79 miles total)		



- **Current Status Code:** 6 = Pre-construction activities (pre-bid, construction management oversight, etc.).
- **Air Conformity/Capacity Status:**
Key 22467 is a capacity enhancing improvement project. It is not exempt from air quality conformity and transportation demand modeling analysis per 40 CFR 93.126, Table 2. Both actions were completed as part of the 2018 Regional Transportation Plan Update.
- **Regional Significance Status:** The project is considered a regionally significant as it contains federal funds, involves major system bridge crossing, is capacity enhancing, and addresses a key Metro goal of safety
- **Amendment ID and Approval Estimates:**
 - STIP Amendment Number: 21-24-2042
 - MTIP Amendment Number: MY22-11-MAY1
 - OTC approval required: Yes. Scheduled for May 12, 2022
 - Metro approval date: Not specified yet. However, Metro's approval is contingent upon OTC approval for the added funds.

What is changing?

AMENDMENT ACTION: COST INCREASE:

Key 22467 received higher than expected construction bids creating the construction phase shortfall phase funding shortfall.

Per ODOT's 4/12/2022 correspondence concerning the amendment:

Explanation of Cost Increase

Four complete bids (technical and cost submissions) were received and scored. All of the bids were over \$490 million and three of the four were within 4% of the selected bid. Based on the Multi-Parameter scoring criteria Kiewit Infrastructure West Co was selected as the apparent best value contractor, with a bid of \$512 million. The most significant reason for higher than expected bids is current market conditions including, supply

chain uncertainty, steel and concrete material costs, and market volatility and risk.

Following negotiations, the final project amount (including contract value, ODOT construction engineering, and contingency costs) is \$495 million.

Project Scope:

This segment of the project will seismically retrofit and widen the Abernethy Bridge by constructing new foundations, sub-structure and superstructure and adding a lane in both directions of I-205. The interchange at I-205 NB and OR 43 will be reconstructed and include a roundabout. The interchange at OR 99 will be reconstructed to accommodate the bridge widening. The project includes a noise wall in the vicinity of SB I-205 at Exit 9. Stormwater, landscaping, paving, striping, signing and lighting are also included as part of this project. The project limits remain the same.

Two sign structures and ground improvements will be deferred to future contracts, both of which will go to bid by fiscal year 2024.

Funding Sources


In the 2021 Legislative Session, the Oregon State Legislature passed HB 3055 to provide this gap financing through a combination of cash, bonding and short-term borrowing. The legislation increased ODOT's short-term borrowing cap to \$600 million and allows for five year maturities, allowing ODOT to take out short-term debt that will be repaid by toll revenue or the proceeds of bonds, pending the conclusion of the I-205 Tolling NEPA process. This provide a means to interim fund Phase 1A of the I-205 OR213 to Stafford Road project before toll revenue becomes available. ODOT will finance Phase 1A ODOT by initially using a combination of cash on hand and short-term borrowing. The scheduled obligation of the construction phase funding remains as FFY 2022.

To address the repayment of the short-term borrowing, the Oregon State Legislature has identified future toll revenue as the primary source of funding for this project and directed ODOT to develop a toll program for the I-5 and I-205 corridors. The process to implement a toll program is lengthy and it will take several years before any revenues are available to finance the project in total. Tolling is currently being evaluated under the National Environmental Policy Act (NEPA) process. The earliest tolling could be implemented is late 2024 and toll revenue will not be available until that time.

I-205 Abernethy Bridge Segment Overview

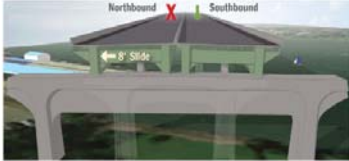
I-205 IMPROVEMENTS
Stafford Road to OR 213

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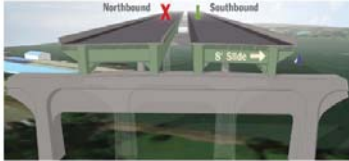


Home About Improvements Construction Workforce and Business Opportunities Meetings and Events

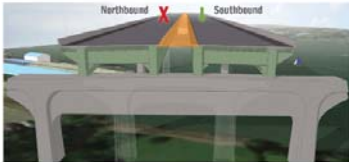
Construction Process




1. Construct new bridge foundations, widen each side. Slide one direction. Existing lanes will remain open to traffic during this time. (Phase 1A)




2. Slide the other direction. Existing lanes will remain open to traffic during this time. (Phase 1A)



3. Complete remaining bridge widening toward the center to join the bridges together and remove existing supports. Existing travel lanes will remain open to traffic. (Phase 1A)

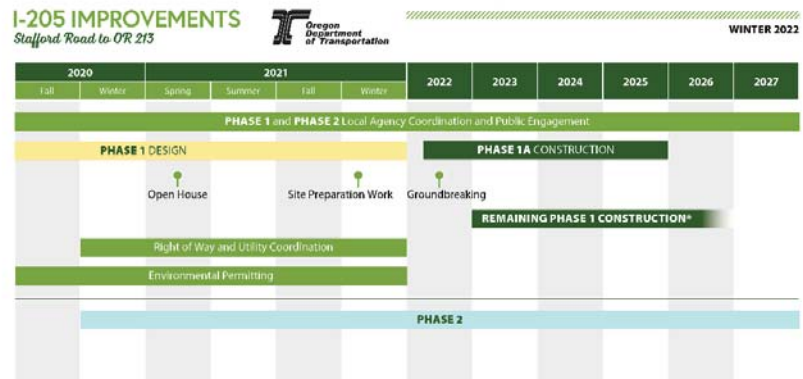


4. Striping for final lane configuration will be completed in a future phase.

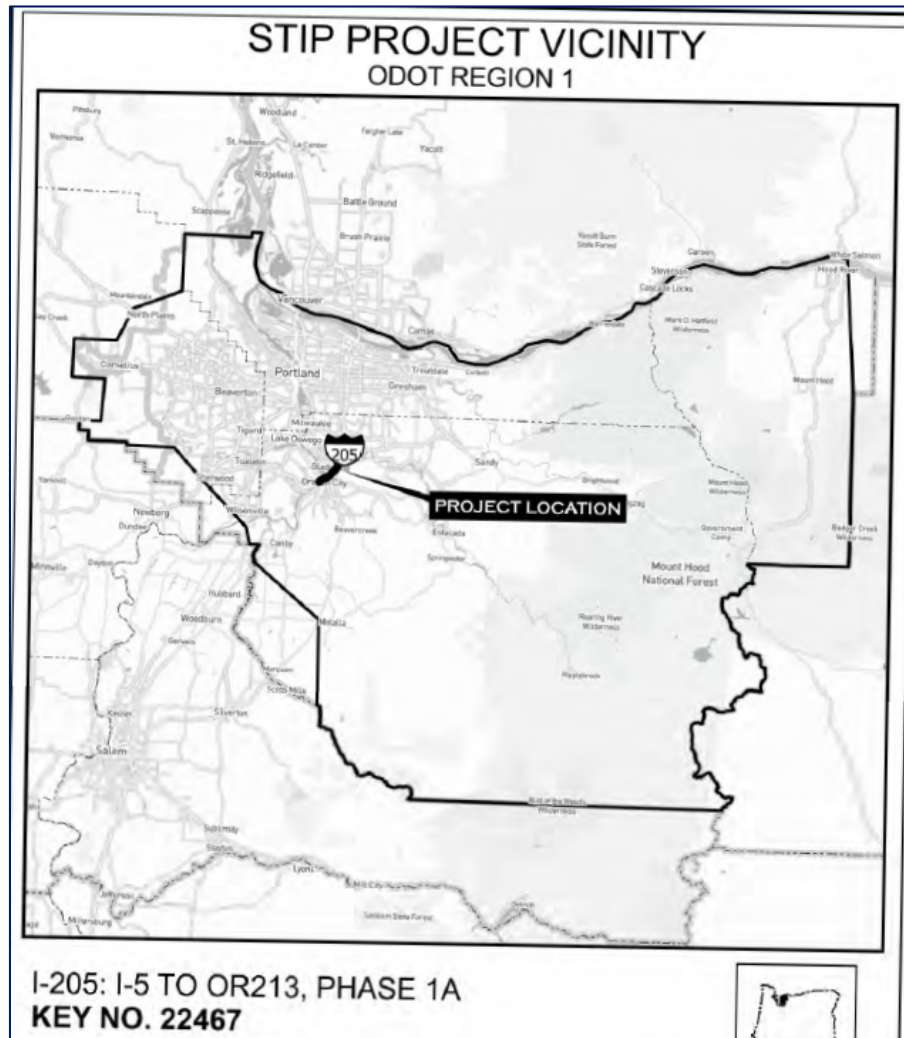


COMPLETED ABERNETHY BRIDGE SECTION VIEW

Additional Details:



Why a Formal amendment is required?	Cost changes for projects above 20% for projects above \$5 million require a formal/full amendment per the approved FHWA/FTA/ODOT/MPO Amendment Matrix. The cost increase equals
Total Programmed Amount:	Key 22467 total programming (construction and other phases) increases from \$375 million to \$495,350,000
Added Notes:	2 Attachments: I-205 Improvements Fact Sheet and OTC letter



Note: The Amendment Matrix located on the next page included as a reference for the rules and justifications governing Formal Amendments and Administrative Modifications to the MTIP that the MPOs and ODOT must follow.

METRO REQUIRED PROJECT AMENDMENT REVIEWS

In accordance with 23 CFR 450.316-328, Metro is responsible for reviewing and ensuring MTIP amendments comply with all federal programming requirements. Each project and their requested changes are evaluated against multiple MTIP programming review factors that originate from 23 CFR 450.316-328. The programming factors include:

- Verification as required to programmed in the MTIP:
 - Awarded federal funds and is considered a transportation project
 - Identified as a regionally significant project.
 - Identified on and impacts Metro transportation modeling networks.
 - Requires any sort of federal approvals which the MTIP is involved.

ODOT-FTA-FHWA Amendment Matrix	
Type of Change	
FULL AMENDMENTS	
1. Adding or cancelling a federally funded, and regionally significant project to the STIP and state funded projects which will potentially be federalized	
2. Major change in project scope. Major scope change includes:	
• Change in project termini - greater than .25 mile in any direction	
• Changes to the approved environmental footprint	
• Impacts to AQ conformity	
• Adding capacity per FHWA Standards	
• Adding or deleting worktype	
3. Changes in Fiscal Constraint by the following criteria:	
• FHWA project cost increase/decrease:	
• Projects under \$500K – increase/decrease over 50%	
• Projects \$500K to \$1M – increase/decrease over 30%	
• Projects \$1M and over – increase/decrease over 20%	
• All FTA project changes – increase/decrease over 30%	
4. Adding an emergency relief permanent repair project that involves substantial change in function and location.	
ADMINISTRATIVE/TECHNICAL ADJUSTMENTS	
1. Advancing or Slipping an approved project/phase within the current STIP (If slipping outside current STIP, see Full Amendments #2)	
2. Adding or deleting any phase (except CN) of an approved project below Full Amendment #3	
3. Combining two or more approved projects into one or splitting an approved project into two or more, or splitting part of an approved project to a new one.	
4. Splitting a new project out of an approved program-specific pool of funds (but not reserves for future projects) or adding funds to an existing project from a bucket or reserve if the project was selected through a specific process (i.e. ARTS, Local Bridge...)	
5. Minor technical corrections to make the printed STIP consistent with prior approvals, such as typos or missing data.	
6. Changing name of project due to change in scope, combining or splitting of projects, or to better conform to naming convention. (For major change in scope, see Full Amendments #2)	
7. Adding a temporary emergency repair and relief project that does not involve substantial change in function and location.	

- Passes fiscal constraint verification:
 - Project eligibility for the use of the funds
 - Proof and verification of funding commitment
 - Requires the MPO to establish a documented process proving MTIP programming does not exceed the allocated funding for each year of the four year MTIP and for all funds identified in the MTIP.
 - Passes the RTP consistency review: Identified in the current approved constrained RTP either as a stand- alone project or in an approved project grouping bucket
 - RTP project cost consistent with requested programming amount in the MTIP
 - If a capacity enhancing project – is identified in the approved Metro modeling network
- Satisfies RTP goals and strategies consistency: Meets one or more goals or strategies identified in the current RTP.
- If not directly identified in the RTP's constrained project list, the project is verified to be part of the MPO's annual Unified Planning Work Program (UPWP) if federally funded and a regionally significant planning study that addresses RTP goals and strategies and/or will contribute or impact RTP performance measure targets.
- Determined the project is eligible to be added to the MTIP, or can be legally amended as required without violating provisions of 23 CFR450.300-338 either as a formal Amendment or administrative modification:
 - Does not violate supplemental directive guidance from FHWA/FTA's approved Amendment Matrix.
 - Adheres to conditions and limitation for completing technical corrections, administrative modifications, or formal amendments in the MTIP.
 - Is eligible for special programming exceptions periodically negotiated with USDOT.
 - Programming determined to be reasonable of phase obligation timing and is consistent with project delivery schedule timing.

- Reviewed and initially assessed for Performance Measurement impacts.
- MPO responsibilities completion:
 - Completion of the required 30 day Public Notification period:
 - Project monitoring, fund obligations, and expenditure of allocated funds in a timely fashion.
 - Acting on behalf of USDOT to provide the required forum and complete necessary discussions of proposed transportation improvements/strategies throughout the MPO.

APPROVAL STEPS AND TIMING

Metro's approval process for formal amendment includes multiple steps. The required approvals for the May #1 2022 Formal MTIP amendment (MY22-11-MAY1) will include the following:

<u>Action</u>	<u>Target Date</u>
• Initiate the required 30-day public notification process.....	April 15, 2022
• OTC Approval for the funding increase.....	April 29, 2022
• TPAC notification and approval recommendation.....	May 6, 2022
• Completion of public notification process.....	May 16, 2022
• JPACT approval and recommendation to Council.....	May 19, 2022
• Metro Council approval.....	May 24, 2022

Notes:

* The above dates are estimates. JPACT and Council meeting dates could change.

** If any notable comments are received during the public comment period requiring follow-on discussions, they will be addressed by JPACT.

USDOT Approval Steps (The below time line is an estimation only):

<u>Action</u>	<u>Target Date</u>
• Final amendment package submission to ODOT & USDOT.....	May 31, 2022
• USDOT clarification and final amendment approval.....	Mid June 2022

ANALYSIS/INFORMATION

1. **Known Opposition:** None known at this time.
2. **Legal Antecedents:**
 - a. Amends the 2021-24 Metropolitan Transportation Improvement Program adopted by Metro Council Resolution 20-5110 on July 23, 2020 (FOR THE PURPOSE OF ADOPTING THE 2021-2024 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM FOR THE PORTLAND METROPOLITAN AREA).
 - b. Oregon Governor approval of the 2021-24 MTIP: July 23, 2020
 - c. 2021-2024 Statewide Transportation Improvement Program (STIP) Approval and 2021 Federal Planning Finding: September 30, 2020
3. **Anticipated Effects:** Enables the projects to obligate and expend awarded federal funds, or obtain the next required federal approval step as part of the federal transportation delivery process.
4. **Metro Budget Impacts:** None to Metro

RECOMMENDED ACTION:

JPACT approved Resolution 22-5265 on May 21, 2022 consisting of the I-205, I-5 - OR 213, Phase 1A project which requires a cost increase to the construction phase which will enable the construction phase to then move forward, and now recommends approval by Metro Council

2 Attachments:

1. I-205 Improvements Fact Sheet
2. April 26th (for the April 29, 2022 OTC) OTC Letter

I-205 IMPROVEMENTS

Stafford Road to OR 213

Attachment 1: I-205 Improvements Fact Sheet



JULY 2021

WWW.I205CORRIDOR.ORG

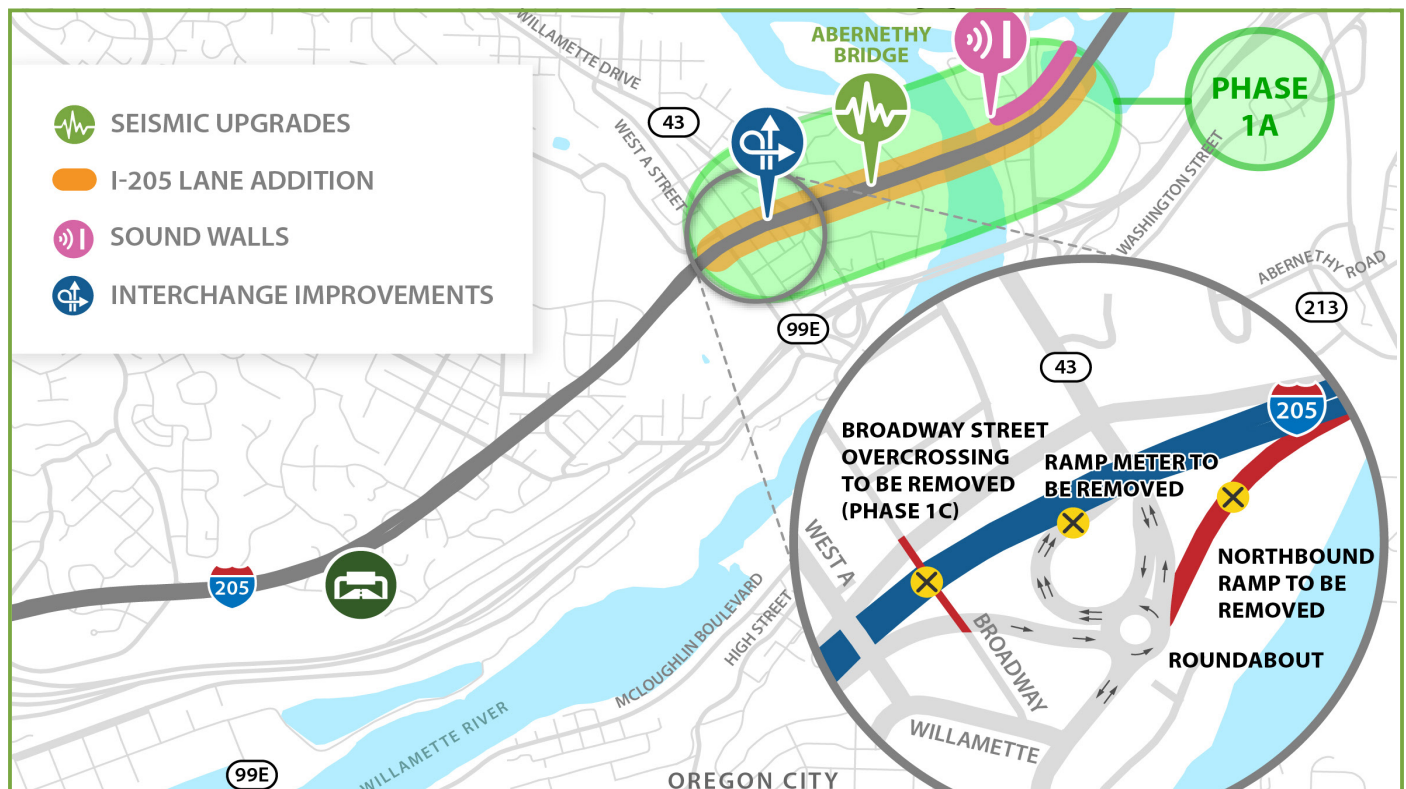
CONSTRUCTION BEGINS IN 2022

The I-205 Improvements Project will improve our economy by providing Oregonians safer, more reliable access to work and critical services, even after an earthquake or other major disaster. We are constructing the project in phases, with the first phase (Phase 1A) beginning in late spring/early summer of 2022. Learn more about project phasing at www.i205corridor.org.

KEY PHASE 1A IMPROVEMENTS INCLUDE:

- Earthquake-ready improvements to the Abernethy Bridge.
- Removing the current I-205 northbound on-ramp from OR 43 and replacing it with a roundabout.
- Realigning or widening the on- and off-ramps at OR 99E.
- Improvements for people who walk and bike on OR 43, Clackamette Drive and OR 99E.
- Sound wall near the southbound lanes of I-205 at exit 9.
- Widening I-205 in the Phase 1A project area to allow a third travel lane in each direction. The final lane configuration will be completed in a future phase.

Tree removal will occur on each bank of the Willamette River underneath the Abernethy Bridge in Oregon City and West Linn to provide construction access for Phase 1A. This work will occur in the fall of 2021 to avoid nesting birds and heavy rain.



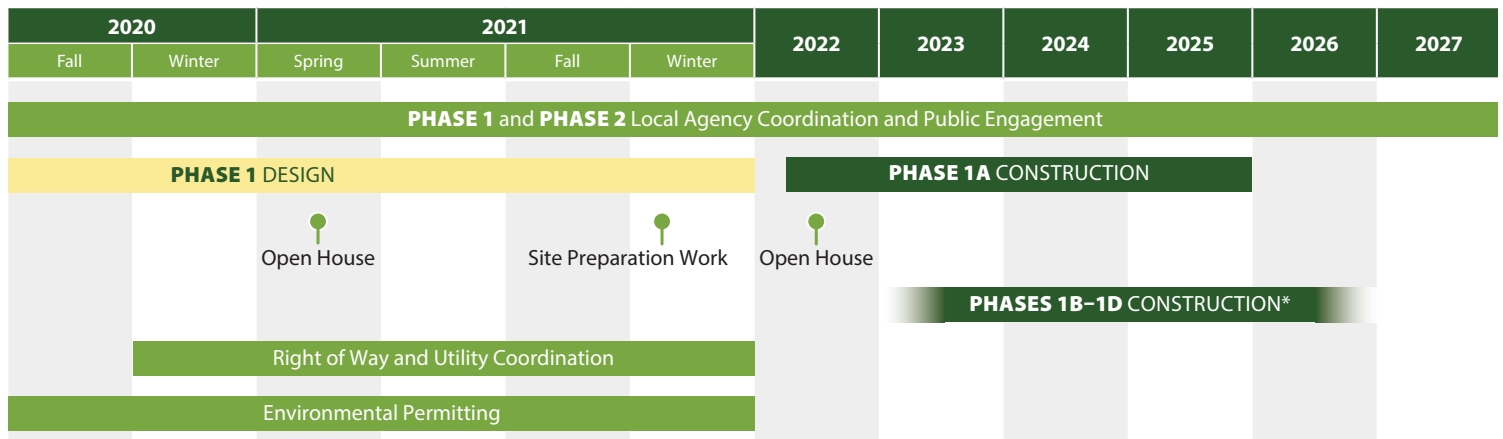
PHASE 1A CONSTRUCTION IMPACTS

Attachment 1: I-205 Improvements Fact Sheet

Visit www.i205corridor.org to sign up for email updates and learn about any traffic impacts or route detours once construction begins. Anticipated impacts include:

- Full weekend, nighttime directional closures and on- and off-ramp width restrictions.
- Full nighttime freeway closures later in the construction process, anticipated in 2024.
- Detours for I-205 northbound and southbound travelers and those traveling to local destinations in and around Oregon City and West Linn during freeway closures.

SCHEDULE



*Scheduling of Phases 1B, 1C and 1D is currently tentative and will be refined spring 2022.



STAY INVOLVED



Submit a comment online or sign up for project updates: www.i205Corridor.org

Questions and comments can be submitted at any time to the project team at:
205improvements@odot.state.or.us | 503-731-8276

For ADA (Americans with Disabilities Act) or Civil Rights Title VI accommodations, translation/interpretation services, or more information call 503-731-4128, TTY 800-735-2900 or Oregon Relay Service 7-1-1.

Si desea obtener información sobre este proyecto traducida al español, sírvase llamar al 503-731-4128.

Если вы хотите, чтобы информация об этом проекте была переведена на русский язык, пожалуйста, звоните по телефону 503-731-4128.

如果您想瞭解這個項目翻譯成 繁體中文 的相關資訊, 請致電 (503) 731-4128.

如果您想了解这个项目翻译成 简体中文 的相关信息, 请致电 503-731-4128.

이 프로젝트에 관한 한국어로 된 자료 신청방법 전화: 503-731-4128.

Nếu quý vị muốn thông tin về dự án này được dịch sang tiếng Việt, xin gọi 503-731-4128.



Oregon

Kate Brown, Governor

Oregon Transportation Commission

Office of the Director, MS 11

355 Capitol St NE

Salem, OR 97301-3871

DATE: April 26, 2022

TO: Oregon Transportation Commission

FROM: Kristopher W. Strickler
Director

SUBJECT: Amend the 2021-2024 Statewide Transportation Improvement Program (STIP) to increase funding for the *I-205: I-5 to OR213, Phase 1A (I-205 Improvements - Phase 1A Abernethy Bridge Widening)* project.

Requested Action:

Approve amending the 2021-2024 Statewide Transportation Improvement Program (STIP) to increase construction funding for the *I-205: I-5 to OR213, Phase 1A (I-205 Improvements - Phase 1A Abernethy Bridge Widening)* project from \$375,350,000 to \$495,350,000 for a total increase of \$120,000,000. The increase will be paid for using the financial tools provided in House Bill 3055.

Project to increase funding:

I-205: I-5 - OR213, Phase 1A Construction (KN 22467)			
PHASE	YEAR	COST	
		Current	Proposed
Planning	N/A	\$0	\$0
Preliminary Engineering	N/A	\$0	\$0
Right of Way	N/A	\$0	\$0
Utility Relocation	N/A	\$0	\$0
Other	2022	\$350,000	\$350,000
Construction	2022	\$375,000,000	\$495,000,000
TOTAL		\$375,350,000	\$495,350,000

Background:

The I-205 Improvements Project improves the congested seven-mile section of Interstate 205 between OR 213 and Stafford Rd. by widening and seismically retrofitting the Abernethy Bridge, adding a third general purpose lane (northbound and southbound), and creating safer options to enter and exit the corridor with an auxiliary lane from OR 43 to OR 213, and combining the OR 43 ramps. Once the project is complete, congestion will be reduced from 6.75 to 2 hours a day, the Abernethy Bridge will

be the first earthquake-ready state crossing of the Willamette River and eight other bridges will be rebuilt or seismically retrofitted.

The I-205 project will be constructed in phases and the schedule is driven by the allowable in-water work windows. Missing the first in-water work window would result in an estimated \$24 million cost of delay. Multiple construction contracts will deliver the rest of the project, starting with Phase 1A. This phase was advertised for bid in December 2021, to allow construction to begin during the allowable in-water work window in summer 2022. Phase 1A includes Abernethy Bridge widening, highway construction, OR 43 roundabout construction and ramp improvements, OR 99E interchange improvements, stormwater treatment, retaining walls, signing, striping, sign structures, illumination, and construction of a sound wall at Exit 9. Locally funded water and sewer line improvements are also included in this phase. Construction of Phase 1A is expected to end after 4 in-water work cycles.

Phase 1A was delivered for bid with an alternative procurement method that scores technical qualifications, approach, and cost. Technical experience has been sought to match the complexities associated with the project including bridge construction/widening, drilled shafts, marine access, temporary traffic control and traffic maintenance, and permit compliance. ODOT worked with FHWA to supplement the Diversity Program goals in the contract for Disadvantaged Business Enterprises (DBEs), on the job training, and Tribal Employment Rights Ordinance (TERO) program, and added a preferential zip code hiring goal.

After review of technical and cost submissions, Kiewit Infrastructure West Co was determined to be the best value contractor. ODOT entered into negotiations with the contractor and jointly agreed to a contract value of approximately \$447 million.

Cost Increase Analysis:

The technical bids were opened on February 1, 2022 and cost submissions were opened on March 1, 2022. All bids were over \$490 million. Based on the Multi Parameter scoring criteria, the apparent best value contractor was Kiewit Infrastructure West Co with a bid of \$512 million.

The primary reason for the higher than anticipated bids are the escalation of the steel and high performance concrete unit prices, as identified in the Project Controls Office review. Significant items of note are:

- **Steel:** Steel cost came in significantly higher than anticipated due to fear of continued escalation and inflation due to the geopolitical risks and expected USA inflation rates. High costs are associated with reinforcement, bridge steel, and fabricated steel structures such as signs and fences.

Oregon Transportation Commission

April 26, 2022

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- Concrete: Concrete came in significantly higher than estimated due to limited supplier options and availability. There were limited suppliers available and equipment necessary to facilitate nitrogen injection for concrete on the project.
- Deep soil mixing: Deep soil mixing presented high risk as the depth and size of the stabilization is unknown. The stabilization is a performance specification in which the agency translates risk to the contractor to procure and install ground improvements to the performance specifications in the contract. Deferring this item will reduce contract costs and will allow ODOT to bid this work after a pilot test program is completed to provide more assurances to the contractor that the performance criteria can be met.

The apparent best value contractor was found to have submitted a responsive bid, and the Urban Mobility Office entered into negotiations with the contractor. Negotiations resulted in reduced bid due to reallocation of risk, adjustment of some specification language, and deferral of the deep soil mixing and two sign structures. The deferred items will be bid as future contracts.

Negotiations resulted in a total project cost of \$495 million (contractor costs, engineering, anticipated items, and contingency included), an increase of \$120 million over the previous amount programmed in the STIP.

Financial Plan

In the 2021 Legislative Session, the Oregon State Legislature passed HB 3055 to provide financing through a combination of cash, bonding and short-term borrowing. The legislation increased ODOT's short-term borrowing cap to \$600 million and allows for five year maturities, allowing ODOT to take out short-term debt that will be repaid by toll revenue or the proceeds of bonds, pending the conclusion of the I-205 Tolling NEPA process. In addition, bonding on the \$30 million provided by HB 2017 (2017 Session) is available starting in 2022. Combined these provide a means to interim fund Phase 1A of the I-205 OR213 to Stafford Road project before toll revenue becomes available. ODOT will finance Phase 1A by initially using a combination of bonding on the \$30 million, cash on hand, and short-term borrowing. The scheduled obligation of the construction phase funding remains as FFY 2022.

To address the repayment of the short-term borrowing, the Oregon State Legislature has identified future toll revenue as the primary source of funding for this project and directed ODOT to develop a toll program for the I-5 and I-205 corridors. The process to implement a toll program is lengthy and it will take several years before any revenues are available to finance the project in total. Tolling is currently being evaluated under the National Environmental Policy Act (NEPA) process. The earliest tolling could be implemented is late 2024 and toll revenue will not be available until that time.

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Options:

With approval, ODOT will proceed to fund, award, and construct this project.

Without approval, ODOT will not award this project at this time and construction will not begin as planned in 2022.

Attachments:

- Attachment 1 – Vicinity and Location Maps

Copies to:

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