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## 2023 Financial Plan

March 2023

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March 2023

Prepared for:



Prepared by:



# TABLE OF CONTENTS

<b>1.</b>	<b>EXECUTIVE SUMMARY .....</b>	<b>1-1</b>
1.1	Capital Cost Estimate .....	1-1
1.2	Potential Funding Sources .....	1-1
<b>2.</b>	<b>OBJECTIVES AND APPROACH .....</b>	<b>2-1</b>
2.1	IBR Program Workplan Timeline.....	2-1
2.2	Overview of Report Organization and Contents.....	2-2
<b>3.</b>	<b>PROGRAM DESCRIPTION AND FUNDING AND FINANCING OVERVIEW .....</b>	<b>3-1</b>
3.1	History of the IBR Program .....	3-1
3.2	Scope of the Modified LPA.....	3-2
3.2.1	Replacement of the Interstate Bridge .....	3-2
3.2.2	Hayden Island and Marine Drive Configuration .....	3-5
3.2.3	High-Capacity Transit.....	3-5
3.2.4	Auxiliary Lanes .....	3-6
3.2.5	Variable-Rate Tolling.....	3-6
3.2.6	Other Improvements .....	3-6
3.3	Funding and Financing Processes in Washington and Oregon .....	3-6
3.3.1	Bi-State Legislative and Agreement Issues .....	3-7
<b>4.</b>	<b>IBR PROGRAM CAPITAL COST ESTIMATES FOR THE MODIFIED LOCALLY PREFERRED ALTERNATIVE.....</b>	<b>4-1</b>
4.1	Methodology.....	4-2
4.1.1	Cost Estimate Validation Process.....	4-2
4.2	Base Cost Estimate.....	4-3
4.2.1	Inflation Assumptions .....	4-4
4.3	Risk-Loaded Cost Estimate.....	4-4
<b>5.</b>	<b>POTENTIAL CAPITAL FUNDING SOURCES.....</b>	<b>5-1</b>
5.1	State and Regional Funding .....	5-1
5.1.1	Existing Oregon and Washington Funding Contributions.....	5-2
5.1.2	Move Ahead Washington .....	5-2
5.1.3	Oregon Funding Contribution .....	5-3
5.1.4	Toll Funding.....	5-3
5.2	Federal Funding .....	5-6
5.2.1	FHWA Bridge Investment Program.....	5-7

5.2.2	USDOT National Infrastructure Project Assistance Program .....	5-9
5.2.3	FTA Capital Investment Grants New Starts Program .....	5-10
5.2.4	Other Potential Federal Grants .....	5-14
5.3	Financing Mechanisms .....	5-15
5.3.1	Toll Bonds .....	5-15
5.3.2	USDOT Transportation Infrastructure Finance and Innovation Act Program .....	5-16
5.3.3	Short-Term Borrowing .....	5-18
<b>6.</b>	<b>CAPITAL FINANCIAL PLAN: SOURCES, USES, AND THE FUNDING GAP .....</b>	<b>6-1</b>
6.1	Cash Flow Analysis .....	6-1
6.2	Steps to Securing Anticipated Funding Commitments .....	6-5
6.2.1	State Funding Contributions .....	6-5
6.2.2	Toll-Related Legislation .....	6-5
6.2.3	Federal Grant Applications .....	6-6
6.2.4	Federal Financing Mechanisms .....	6-6
<b>7.</b>	<b>2023 FINANCIAL PLAN FINDINGS AND NEXT STEPS .....</b>	<b>7-1</b>

## FIGURES

Figure 2-1. IBR Financial Planning and Toll Funding Timeline .....	2-2
Figure 3-1. IBR Modified LPA – View from Portland, Oregon .....	3-3
Figure 3-2. IBR Modified LPA – View from Vancouver, Washington .....	3-4
Figure 4-1. Building Blocks of the Cost Estimate .....	4-1
Figure 5-1. Net Toll Revenue Composition and Uses.....	5-6
Figure 5-2. FTA Capital Investment Grants New Starts Process .....	5-12
Figure 5-3. FTA Capital Investment Grants Rating System and Criteria .....	5-13
Figure 5-4. IBR Toll Funding Timeline .....	5-16
Figure 6-1. IBR Program Annual Sources and Uses of Funds (millions of YOE\$) .....	6-2

## TABLES

Table 4-1. IBR Program 2022 CEVP Cost Estimate (YOE\$) .....	4-5
Table 5-1. FHWA Competitive Bridge Investment Program Funding Source Overview .....	5-8
Table 5-2. USDOT National Infrastructure Project Assistance Program Funding Source Overview .....	5-9
Table 5-3. FTA Capital Investment Grants Program Overview .....	5-11
Table 5-4. Transportation Infrastructure Finance and Innovation Act Program Overview .....	5-17
Table 6-1. IBR Program Annual Uses of Funds (millions of YOE\$) .....	6-3
Table 6-2. IBR Program Annual Sources of Funds (millions of YOE\$) .....	6-4

## ACRONYMS AND ABBREVIATIONS

AID	Accelerated Innovative Deployment
BIL	Bipartisan Infrastructure Law
BIP	Bridge Investment Program
CEVP®	WSDOT Cost Estimate Validation Process
CFP	conceptual financial plan
CIG	Capital Investment Grants
CPDM	WSDOT Capital Program Development and Management division
CRC	Columbia River Crossing
C-TRAN	Clark County Public Transit Benefit Area Authority
ESHB	Engrossed Substitute House Bill
FFGA	Full Funding Grant Agreement
FFY	federal fiscal year
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
FY	state fiscal year
GANs	grant anticipation notes
I-205	Interstate 205
I-5	Interstate 5
IBR	Interstate Bridge Replacement
INFRA	Infrastructure for Rebuilding America
LPA	Locally Preferred Alternative
LRT	light rail transit
MAW	Move Ahead Washington
Mega	USDOT National Infrastructure Project Assistance Program
Metro	Oregon Metro
MOU	Memorandum of Understanding
MPDG	Multimodal Project Discretionary Grant
NEPA	National Environmental Policy Act
NOFO	Notice of Funding Opportunity
ODOT	Oregon Department of Transportation
OSTs	Oregon State Treasury and Washington Office of the State Treasury

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OTC	Oregon Transportation Commission
QRA	Quantitative Risk Assessment
RAISE	Rebuilding American Infrastructure with Sustainability and Equity
RTC	Southwest Washington Regional Transportation Council
T&R	traffic and revenue
TIFIA	Transportation Infrastructure Finance and Innovation Act
TriMet	Tri-County Metropolitan Transportation District of Oregon
USDOT	U.S. Department of Transportation
WSDOT	Washington State Department of Transportation
WSTC	Washington State Transportation Commission
YOES	year-of-expenditure dollars

# 1. EXECUTIVE SUMMARY

This 2023 IBR Financial Plan presents a snapshot in time and will be updated iteratively per state and federal requirements as the IBR program team advances the design and refines the cost estimates alongside the availability of new information regarding funding options. Overall, this financial plan provides details on the anticipated capital costs and funding sources for the IBR program as of March 2023.

## 1.1 Capital Cost Estimate

In December 2022, the IBR program shared an [updated cost estimate range of \\$5 to \\$7.5 billion](#),<sup>1</sup> with a most likely risk-mitigated target of approximately \$6 billion. It is important to note that this is the first cost estimate prepared for the IBR program's Modified Locally Preferred Alternative (LPA), which is the scope and vision agreed to by the Oregon Department of Transportation (ODOT), the Washington State Department of Transportation (WSDOT), and all eight program partners (the Tri-County Metropolitan Transportation District of Oregon [TriMet], Clark County Public Transit Benefit Area Authority [C-TRAN], City of Vancouver, City of Portland, Port of Vancouver, Port of Portland, Oregon Metro, and the Southwest Washington Regional Transportation Council) to be evaluated further through the environmental process. Cost estimates presented in the IBR program's prior conceptual financial plan from December 2020 were rooted in 2012 cost estimates for four alternatives from the Columbia River Crossing (CRC) project. This financial plan is assembled around the budgetary risk--loaded cost target of **\$5.935 billion year-of-expenditure dollars**, which includes identified proactive risk mitigation to control costs.

## 1.2 Potential Funding Sources

To achieve this level of funding, the IBR program will be seeking funding from both states, the federal government, and tolling in the following amounts:

- Existing state funding (**\$197.7 million committed**).
- Move Ahead Washington funding (**\$1 billion committed**).
- Oregon funding contribution (**\$1 billion anticipated**).
- Toll funding (**\$1,237 million anticipated**).
- Federal competitive grants (**\$2,500 million prospective**, including **\$1 million** which is **committed**).

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<sup>1</sup> [https://www.interstatebridge.org/media/1mnbq3jo/ibr\\_cost-anaylsis\\_factsheet\\_12-1-2022\\_remediated.pdf](https://www.interstatebridge.org/media/1mnbq3jo/ibr_cost-anaylsis_factsheet_12-1-2022_remediated.pdf)



Next steps for solidifying these funding commitments for the IBR program involve:

- **State Funding Contributions:** ODOT is working with the Oregon legislature during the 2023 Legislative Session to determine the best path forward as the legislature considers a \$1.0 billion funding commitment to match the \$1.0 billion from Washington State committed in 2022. In addition to fully solidifying these amounts as committed, the flexibility of the underlying revenue sources for the state funding and the aging for these commitments are important to meeting non-federal matching requirements of the three major federal discretionary grant programs to which the IBR program plans on applying in 2023.
- **Toll Authorization Legislation:** For the U.S. Department of Transportation (USDOT) to consider the toll funding as committed, the Washington State Legislature must pass toll authorization legislation, as has been previously provided in Oregon. Both states will continue to coordinate to determine how toll revenues will be collected and shared. Additional legislation may be needed to enable certain aspects of bi-state agreements related to revenue collection, management, and sharing.
- **Federal Grant Applications:** The IBR program plans to apply for discretionary grants under the USDOT National Infrastructure Project Assistance (Mega) program and FHWA Bridge Investment Program (BIP) in 2023 and submit materials to enter the Federal Transit Administration Capital Investment Grants (CIG) project development phase. Maximizing the likelihood and size of grant awards from these highly competitive federal programs entails securing commitments for all other capital funding sources to demonstrate a sound, feasible financial plan in addition to satisfying other applicant selection criteria.

## 2. OBJECTIVES AND APPROACH

### 2.1 IBR Program Workplan Timeline

In November 2019, Oregon Governor Kate Brown and Washington Governor Jay Inslee signed a bi-state Memorandum of Intent (MOI) to restart work to replace the Interstate Bridge. The MOI outlines that the Interstate Bridge Replacement program (IBR program) will be developed and delivered by a bi-state, multiagency multimodal team comprising the Oregon Department of Transportation (ODOT), Washington Department of Transportation (WSDOT), Clark County Public Transit Benefit Area Authority (C-TRAN), Tri-County Metropolitan Transportation District of Oregon (TriMet), Southwest Washington Regional Transportation Council (RTC), Oregon Metro (Metro), City of Vancouver, and the City of Portland. The IBR program involves a new team and objectives that are separate from the previous Columbia River Crossing (CRC) effort. However, the IBR program received clear direction from both states to utilize and build upon the extensive work completed during the CRC effort, so the IBR program team continues to leverage the relevant portions of past efforts.

In December 2020, the IBR program released a conceptual financial plan (CFP) as the first step in the IBR program's financial planning process. The CFP relied primarily upon the 2012 scope and cost estimates from the CRC project and provided a high-level overview of initial funding and financing needs and options.

Since December 2020, several key steps have been taken to advance the IBR program. All eight program partners aligned to adopt a Modified Locally Preferred Alternative (LPA), outlining the overall scope of the program to be evaluated through the environmental and planning process. In December 2022, the IBR program shared the first cost estimate specific to the scope outlined in the Modified LPA.

On the funding side of the equation, the IBR program anticipates having five primary sources of funding: USDOT/FHWA highway and multimodal grants, an FTA Capital Investment Grant (CIG), Oregon and Washington State contributions, and toll funding. Federally, the Bipartisan Infrastructure Law (BIL) was signed into law in November 2021, providing a host of both new and more robust federal grant funding opportunities that the program is actively pursuing. Additionally, in 2022 the Washington State Legislature passed the [Move Ahead Washington \(MAW\) funding package](#), committing \$1 billion in funds to the program.<sup>2</sup> It is anticipated that the Oregon Legislature will consider matching the \$1 billion Washington contribution during the 2023 legislative session.

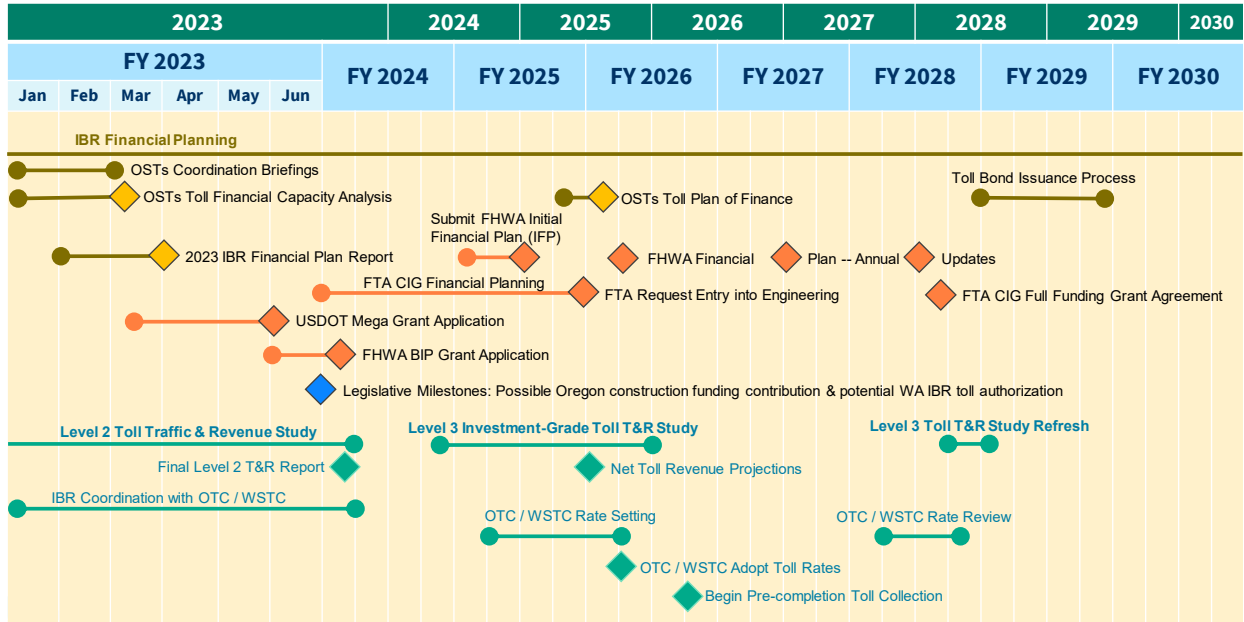
This financial plan outlines a funding and financing strategy to plan, design, and construct the Modified LPA assuming the timeline illustrated in Figure 2-1. This financial plan is one step in a series of financial planning activities and procedures required by the states and the federal government.

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<sup>2</sup> Washington Engrossed Substitute Senate Bill 5974, Chapter 182, July 2022

This financial plan will be refined periodically as the IBR program advances and decisions are made by the program team, the state legislatures, and the federal government.

Figure 2-1. IBR Financial Planning and Toll Funding Timeline



## 2.2 Overview of Report Organization and Contents

This financial plan covers the following topics:

- **Capital Cost Estimates for the Modified LPA:** Updated cost estimates based on the conceptual design and inclusive of risk factors from a qualitative risk assessment (QRA) based on the WSDOT Cost Estimate Validation Process (CEVP®) methodology.
- **Potential Funding Sources and Financing Mechanisms:** Narrowed list of candidate funding sources and financing mechanisms including state contributions, leveraging toll revenues, and various federal discretionary grant programs authorized under the BIL.
- **Sources and Uses of Funds:** Conceptual cash flow analysis to align the uses of funds by their year of expenditure to determine available sources and resolve any funding gaps.

An overview of the IBR program is provided in Chapter 3, Program Description and Funding and Financing Overview.

## 3. PROGRAM DESCRIPTION AND FUNDING AND FINANCING OVERVIEW

### 3.1 History of the IBR Program

The existing northbound span of the Interstate Bridge between Vancouver, Washington, and Portland, Oregon, opened to horses, motorists, and streetcar services in 1917. It was funded jointly by Multnomah and Clark Counties and a 5-cent-per-vehicle (or horse and rider) toll, and it was financed by issuing bonds. The nearly identical southbound span of the bridge opened in 1958. Tolls for cars, light trucks, heavy trucks, and buses helped to pay off construction costs over the course of 8 years — by 1966. Today, both bridges are classified as “functionally obsolete” in the Federal Highway Administration (FHWA) [National Bridge Inventory](#).<sup>3</sup> Of utmost significance is the fact that these structures are seismically vulnerable to catastrophic failure. Should such a failure occur, it would likely result in significant loss of life and economic repercussions throughout the West Coast.

As the only continuous north-south interstate on the West Coast between Mexico and Canada, I-5 is a vital trade route for regional, national, and international economies. Replacing the Interstate Bridge over the Columbia River has been an ongoing concern of both Oregon and Washington for decades. Operating and maintaining these aging structures costs around \$1.2 million each year; this is split evenly between ODOT and WSDOT. Larger maintenance projects to keep the Interstate Bridge in service are expected to cost over \$280 million (in constant 2022 dollars) through the year 2040.

In 2019, Washington and Oregon dedicated funding to start Interstate Bridge replacement work and agreed to share planning costs equally. The two state legislatures formed a [joint bi-state committee](#)<sup>4</sup> with eight representatives each to provide direction and oversight to IBR program work.<sup>5</sup> At the direction of the governors and legislative leadership of both states, ODOT and WSDOT opened the bi-state IBR program office to lead this work. It was further directed that Oregon and Washington share project development costs evenly, though the timing and mechanisms of funding allocation will differ. As of December 2022, Washington and Oregon have allocated \$45 million and \$55 million, respectively, for IBR program planning and design activities. Additionally, in 2022 the Washington Legislature passed MAW, committing \$1 billion in funds to the program; the Oregon Legislature will consider the same allocation during the upcoming 2023 legislative session.

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<sup>3</sup> <https://www.fhwa.dot.gov/bridge/nbi/ascii.cfm>

<sup>4</sup> <https://lawfilesexternal.wa.gov/biennium/2017-18/Pdf/Bills/Session Laws/Senate/5806-S.SL.pdf?q=20230209164508>

<sup>5</sup> Washington Substitute Senate Bill 5806, Chapter 288, July 2017

In 2022, ODOT, WSDOT, and all eight program partners (TriMet, C-TRAN, City of Vancouver, City of Portland, Port of Vancouver, Port of Portland, Metro, and Southwest Washington RTC) approved the Modified LPA, establishing the scope of the project to be evaluated through the environmental process. The scope of the Modified LPA is outlined in the next section.

## 3.2 Scope of the Modified LPA

The IBR program's Modified LPA identifies the foundational elements that ODOT, WSDOT, and the local partners selected for further evaluation and environmental compliance under the [National Environmental Policy Act](#)<sup>6</sup> (NEPA).

These elements include the following and are illustrated in Figure 3-1 and Figure 3-2 below:

- New I-5 bridges over the Columbia River replacing the general-purpose travel lanes of the existing structures.
- Reconstruction of the Hayden Island and Marine Drive interchanges.
- Extending light rail transit (LRT) from the Expo Center station in Portland, Oregon, to downtown Vancouver, Washington.
- More frequent express bus service operating on the I-5 shoulders.
- One auxiliary lane in each direction on the new Columbia River bridges.
- Variable rate tolling on the new Columbia River bridges.
- Interchange improvements in the program area.

### 3.2.1 Replacement of the Interstate Bridge

The Modified LPA includes new I-5 bridges over the Columbia River and North Portland Harbor that would offer:

- Seismically resilient bridges that include three general-purpose lanes in each direction.
- A dedicated bicycle/pedestrian facility connecting to existing and future active transportation networks in Portland and Vancouver.

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<sup>6</sup> <https://ceq.doe.gov/>

Figure 3-1. IBR Modified LPA – View from Portland, Oregon



Note: Visualization is intended as a high-level example for illustration purposes only and does not reflect property impacts or indicate that decisions on design options have been made.

Figure 3-2. IBR Modified LPA – View from Vancouver, Washington



Note: Visualization is intended as a high-level example for illustration purposes only and does not reflect property impacts or indicate that decisions on design options have been made.

### 3.2.2 Hayden Island and Marine Drive Configuration

The Modified LPA includes a partial interchange at Hayden Island and a full interchange at Marine Drive. This offers:

- Separation of local traffic from freeway traffic to/from Hayden Island.
  - Access to Hayden Island through direct ramps at Jantzen Drive for I-5 traffic coming from the north and going north from Hayden Island.
  - Access to Hayden Island to/from the south with an upgraded interchange at Marine Drive and a local bridge connection between Marine Drive and Hayden Island.
- The opportunity to reconnect local streets under I-5 improving east-west connectivity.
- A smaller footprint over the North Portland Harbor.
- Integration of community feedback prioritizing congestion relief on I-5 near Hayden Island, safe intersections and road improvements, and convenient access to services.

### 3.2.3 High-Capacity Transit

The MAX Yellow Line would be extended from the Expo Center into Vancouver. It would include new stations at Hayden Island, the Vancouver Waterfront, and near Evergreen Boulevard, as well as vehicles and operating facilities to support the extension of service. This offers:

- More competitive travel times attracting higher transit ridership than a bus connection.
- Higher transit capacity.
- Improved transit access to jobs and services in Portland and Vancouver.
- Opportunity to secure significant Federal Transit Administration (FTA) discretionary funding for the IBR program, which otherwise would not be available without the presence of a dedicated transit facility.

Battery electric express bus service would run more frequently with an expansion of bus-on-shoulder facilities along I-5 from Fourth Plain Boulevard across the Columbia River to Marine Drive. This offers:

- Multimodal transit expansion linking TriMet and C-TRAN networks and serving multiple markets in Portland and Vancouver.
- Improved travel times for express bus riders.
- Increased reliability of express bus service.

Up to two park and ride facilities, which offer:

- Up to 700 underground parking spaces at Evergreen Station
- Up to 570 parking spaces at Waterfront Station



### 3.2.4 Auxiliary Lanes

In addition to the three general-purpose travel lanes in each direction, the Modified LPA includes one auxiliary lane northbound and one auxiliary lane southbound between Marine Drive and Mill Plain Boulevard. This offers:

- Safer travel by improving visibility and decreasing collisions that occur when vehicles change lanes and enter/exit the freeway.
- Improved travel times and reliability.
- Reduced congestion during off-peak travel periods.

### 3.2.5 Variable-Rate Tolling

Toll rates would vary based on time of day; this is known as variable-rate tolling. Drivers would be charged higher toll rates at congested times — such as during morning and afternoon rush hours — and lower tolls at less-congested times of day. Drivers would know the toll rate for their trip in advance. A set schedule allows drivers to determine the cost of their trip ahead of time to plan their travel. This would:

- Generate revenue to help fund construction and potentially provide a sustainable funding source for facility operations and maintenance.
- Manage demand within available capacity.
- Improve travel times, predictability, and mobility through the corridor.

### 3.2.6 Other Improvements

Additional potential components include improvements to C-TRAN express bus service, additional corridor interchange improvements, active transportation improvements, and optimization of C-TRAN's bus rapid transit system.

The Modified LPA was agreed upon by ODOT, WSDOT, and local partners (including the City of Vancouver, City of Portland, Metro, RTC, TriMet, C-TRAN, Port of Vancouver, and the Port of Portland) and was carried forward for NEPA evaluation on July 21, 2022. As the program moves forward, input from the local community, partner agencies, and advisory groups may lead to other refinements. The NEPA process will extend into 2024.

## 3.3 Funding and Financing Processes in Washington and Oregon

Bi-state projects have unique challenges to coordinate the laws and activities of each state to allow for a unified, bi-state program to deliver the project. The laws of Oregon and Washington provide supportive policies for the Modified LPA and a general basis for a unified program to design, construct, finance, and operate the Modified LPA. Most matters can be addressed without new legislation in interstate agreements between ODOT, WSDOT, and other parties; however, there are certain requirements and issues with unique challenges which are best addressed legislatively.

### 3.3.1 Bi-State Legislative and Agreement Issues

The IBR program is a joint venture of WSDOT and ODOT. Implementation of the IBR program would require various combinations of WSDOT, ODOT, WSTC, OTC, and the local partners to enter a series of legally binding interstate agreements to develop, construct, finance, operate, maintain, toll, and own the program components. Current work on the IBR program is guided by an interstate agreement between WSDOT and ODOT to jointly oversee the environmental and preliminary design phases of the program.<sup>7</sup> WSDOT and ODOT also entered into a memorandum of understanding; the [IBR Toll Administrator MOU](#)<sup>8</sup> establishes ODOT as the agency responsible for collecting and administering toll collections for the Columbia River bridges.

One issue requiring legislation:

- **Toll authorization in Washington:** Under existing law the Oregon Transportation Commission (OTC) needs no additional approvals to toll a facility; however, the Washington State Transportation Commission (WSTC) and WSDOT cannot toll a facility without prior legislative authorization. This authorization is being considered but has not been enacted at the time of writing.

Other issues may be able to be handled through agreements and/or legislation. Over the next couple of years, ODOT, WSDOT, and others will be preparing and executing an array of agreements related to the construction, operation, and financing of the IBR program. Some of the key future agreements are outlined below:

- **Toll rate setting agreement:** The OTC and WSTC must coordinate on setting toll rates in a way that is consistent with Washington and Oregon toll statutes and policies. The laws of both states require that the rates for a toll facility be set by their respective transportation commissions. The transportation commissions can enter an agreement to coordinate their toll setting process, such as the Memorandum of Understanding (MOU) on coordinated rate-setting in which they entered for CRC.
- **Toll operations/collection:** Toll collection would use an all-electronic tolling system that employs transponders and license plate images to bill customers without the need to physically collect cash at a bridge toll facility. ODOT and WSDOT have entered the IBR Toll Administrator MOU providing that ODOT would select toll systems and vendors, implement, and maintain the toll equipment, back-office system software and customer service operations, and collect and distribute the toll revenues. Using the IBR Toll Administrator MOU as a starting point, there must be an ODOT-WSDOT agreement addressing performance, financial administration, and processing of toll collections and revenue distribution.

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<sup>7</sup> “Interstate Agreement: Funding and Administration Agreement for Initial Project Management, Organization and Staffing, Environmental Analysis, and Preliminary Engineering [on the] Interstate Bridge Replacement Program”, [ODOT Misc. Contracts & Agreements No. 34096 /WSDOT Agreement No. GCB 3342](#).

<sup>8</sup> ODOT & WSDOT Transportation interagency MOU for IBR Program Toll Collection, 2022.

- **Toll revenue sharing/distribution:** ODOT and WSDOT have agreed that ODOT will administer toll collection. This financial plan assumes that each state will issue bonds and pledge its share of net toll revenues from the Columbia River bridges toward repayment. To facilitate each state's toll bond financing, an agreement will be required to describe the process for distributing each state's share of net toll revenues into the proper accounts.
- **Toll financing:** An interstate agreement must specify how the borrowing programs of the states will be coordinated, including the formula and process for distributing toll bond proceeds among the states, the toll bonding obligation of each state, and how the toll revenues would be distributed and administered to ensure repayment of the debt obligations.
- **Operations and maintenance:** The roles and responsibilities for operating and maintaining the Columbia River bridges, and other components of the IBR program including transit, must be agreed to in an interstate agreement between ODOT, WSDOT, and other parties. Among other issues, this agreement would address whether one state assumes all operation and maintenance responsibilities for the Columbia River bridges or if the two states share these responsibilities.
- **Final design and construction:** The current interstate agreement between ODOT and WSDOT covering environmental and preliminary design activities<sup>9</sup> must be amended to comprehensively address the roles and responsibilities of ODOT and WSDOT with respect to the final design and construction of the Modified LPA, such as defining the lead agency for each construction package. There would be other agreements between ODOT, WSDOT, and local partners addressing other design and construction-phase issues.

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<sup>9</sup> See footnote #7

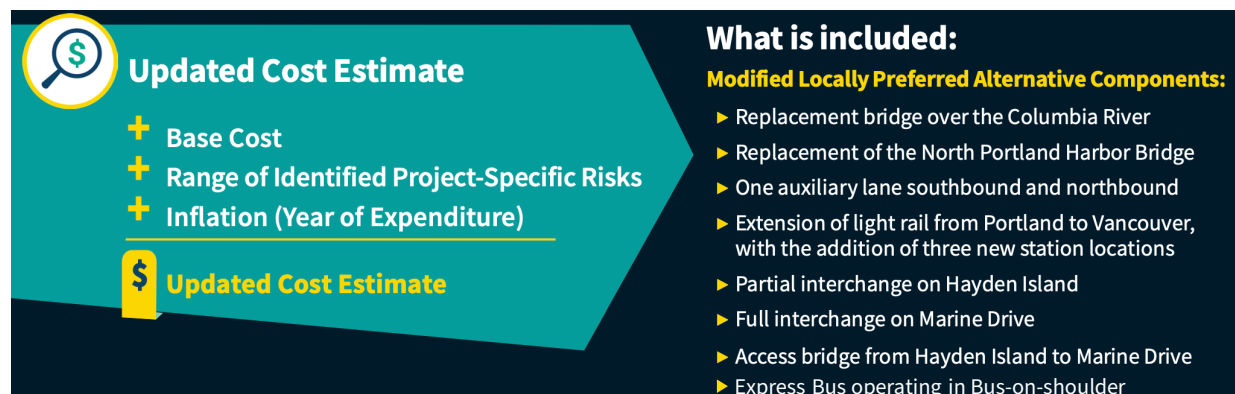
## 4. IBR PROGRAM CAPITAL COST ESTIMATES FOR THE MODIFIED LOCALLY PREFERRED ALTERNATIVE

The cost estimate presented in this financial plan is a combination of three elements:

1. A base cost (in constant 2021/FY 2022 dollars) composed of estimates of activities — preliminary engineering and program management, right-of-way acquisition, and construction — as well as their various labor and material quantities, unit costs, and relevant additive factors such as taxes (see Section 4.2).
2. A range of identified program-specific risks quantified in a quantitative risk assessment based on the CEVP used by WSDOT for all major projects (see Section 4.1.1).
3. A set of inflation projections to escalate the cost estimates to year-of-expenditure dollars (YOE\$) based on the planned IBR program schedule (see Section 4.2.1).

These three elements combine to produce the Risk-Loaded Cost Estimate described in Section 4.3. Figure 4-1 illustrates this cadence and the major scope elements included in the estimate.

Figure 4-1. Building Blocks of the Cost Estimate



It is important to note that this is the first cost estimate prepared for the Modified LPA of the IBR program, which will evolve and be refined as design progresses. The prior cost estimates presented in the IBR program’s CFP from December 2020 were based on inflation-adjusted capital cost estimates prepared in 2012 for four alternatives from the CRC project. There are many differences between the scopes of the 2012 CRC project and the Modified LPA. Notable differences with construction of the Modified LPA would include:

- North Portland Harbor Bridge replacement.
- Light rail traveling on an elevated structure adjacent to I-5 in Vancouver, rather than track along city streets.
- Connections and ramps for Hayden Island partial interchange.
- Fewer park and rides, and stations for transit.

- Addition of transit vehicle overnight facility at the Expo Center.
- One auxiliary lane.
- Bus-on-shoulder and express buses included.

Also of note, the infrastructure and construction industries are in a different place now compared to 2012. In 2012, the Great Recession was still exhibiting lingering effects, especially on components of the construction sector. Recently, historically high inflation rates, workforce shortages, and potential competition among regional projects occurring in the same timeframe have combined to produce higher costs. Additionally, materials' increased costs and reduced availability due to global supply chain issues and other market conditions contribute to higher unit costs in the estimate presented in this financial plan.

## 4.1 Methodology

The conceptual cost for the Modified LPA was prepared in two concurrent phases:

1. **Conceptual Design:** The engineering and planning teams collaboratively developed highway, interchange configurations, and local roadway options; each included transit alternatives. These options drew from previous work completed for the CRC project.
2. **Screening:** As the engineering team developed conceptual design options, the cost team then prepared conceptual cost estimates so the design options could be screened relative to each other. This process involved reviewing past estimates from the CRC project, developing a “cost library,” and estimating quantities of the build-up composite cost activities to generate a relative difference in cost between options.

Once the program partners agreed on the preferred option (the Modified LPA), a more-detailed base cost estimate was prepared for the Modified LPA (see Section 3.2), which includes the following:

- One auxiliary lane in each direction on the Columbia River bridges.
- Embedded LRT track at intersections and direct-fixation track throughout the rest of the program improvements.
- At-grade station and underground parking garage near Evergreen Boulevard that would accommodate up to 700 spaces.
- Elevated Waterfront Station with up to 570 parking spaces.
- Vancouver bus improvements.
- Overnight LRT facility at the Expo Center.

### 4.1.1 Cost Estimate Validation Process

A QRA was performed for the IBR program based on CEVP methodology. The objectives of the QRA were to provide independent review of program cost and schedule estimates and to quantify the uncertainty and risk associated with those estimates. A risk assessment workshop was held October

10 to 14, 2022, and was attended by IBR program team members, partners, and subject matter experts (SMEs) from WSDOT, ODOT, local agency partners, and industry.

A risk register was developed for the program; the register identified specific risks (threats and opportunities) to the program cost and schedule. A total of 201 risks were identified, of which 121 were determined to be significant. Risks were characterized and quantified by consensus (i.e., collective professional judgment) of the SMEs assembled for the workshop.

Following the risk workshop, a series of focused discussions occurred with SMEs representing each major technical discipline was undertaken to:

1. Identify specific risk mitigation strategies and actions to reduce the most significant program threats (or exploit opportunities) that could be incorporated in the IBR program.
2. Revise the cost associated with selected risks to reflect the potential impact of incorporating the risk mitigation strategy in the IBR program.

The inputs developed in the CEVP workshops (including base cost, schedule, risks, and uncertainties) were loaded into a Monte Carlo simulation model to generate probability distributions for key performance measures related to cost and schedule along with prioritized risk rankings. The simulation generated 10,000 independent potential outcomes and a statistical compilation of selected results for “pre-mitigation” and “post-mitigation” scenarios:

- **Pre-mitigation:** Schedule and cost risk impacts and probabilities represented in the risk register reflect current status without additional mitigation actions taken by the IBR program.
- **Post-mitigation:** The IBR program staff identify specific additional actions that may be undertaken to mitigate specific risks, and the risk impacts and/or probability are adjusted in the risk register to reflect successful implementation of these actions.

## 4.2 Base Cost Estimate

The cost team developed a base cost estimate for the Modified LPA that incorporated comments received during and after the CEVP workshop. This base cost estimate is broken down by state and by highway- versus transit-related costs. Below are the significant revisions to the base cost estimate:

- Moved all costs associated with owner-provided preliminary engineering services into the base cost estimate, similar to the CRC 2012 estimate.
- Adjusted the general engineering consultant component of the project management and preliminary engineering costs to include the environmental, planning, and permitting costs and 10 general engineering consultant staff to administer and to manage the IBR program.
- Eliminated all allowances from the base cost estimate. Allowances and risks were quantified in the Monte Carlo simulation as part of CEVP.
- Provided a level of uncertainty for cost items that is similar to the uncertainties identified in the CRC 2012 estimate for use in the Monte Carlo risk probability simulation:
  - Price uncertainty: +/-%

- Quantity uncertainty: +/-%
- Indeterminant uncertainty (known unknowns): +/-% (new for the IBR estimate)

The Post-CEVP base cost estimate in constant 2022 dollars for the Modified LPA totaled \$3,71 billion over a 15-year development and delivery period (FYs 2020–2034). Construction activities account for the majority of this at \$3.24 billion, with \$169 million for right-of-way acquisition and \$305 million for preliminary engineering and project management. The construction and right-of-way costs include design allowances of 30% and 35%, respectively.

### 4.2.1 Inflation Assumptions

The inflation assumptions included in this financial plan rely upon inflation forecasts provided by the WSDOT Capital Program Development and Management (CPDM) division; the forecasts are assembled from third-party forecast purchased from IHS Markit and are made available via the online Capital Program Management System. The current CPDM inflation projections for preliminary engineering, right of way, and construction originate from third-party forecasts prepared in the first quarter of 2022, though they are dated as June 2022 based upon when they were adopted by CPDM within its Capital Program Management System.

After accounting for above-average inflation in FY 2022, the projected inflation rates for the three indices revert to more historical trends, averaging over FY 2023 through FY 2035 as follows:

- Preliminary engineering: 2.12% per year
- Right of way: 2.60% per year
- Construction: 2.17% per year

Note that the risks of higher-than-expected rates of inflation are captured as part of the CEVP quantitative risk assessment process described below.

### 4.3 Risk-Loaded Cost Estimate

Cost estimates resulting from probabilistic analyses are commonly reported in terms of the probability that a cost estimate will not exceed a particular percentage (i.e., percentile-value or, less formally, confidence level). For example, the 60th percentile estimate means that there is a 60% likelihood that the actual value will be less than or equal to the estimate (and conversely, there is a 40% likelihood that the value will be greater than the estimate).

The QRA process was finalized in early December 2022. For the project definition and assumptions as defined in the QRA, the 60th percentile cost estimate for the post-mitigation scenario is \$5,935 million in YOES and the 10th to 90th percentile (i.e., 80% confidence level) range is from \$5,049 million to \$6,650 million. For the pre-mitigation scenario, the 60% confidence level cost estimate is \$6,523 million and the 10th to 90th percentile range is from \$5,383 million to \$7,487 million in YOES. These values are displayed in Table 4-1.

Table 4-1. IBR Program 2022 CEVP Cost Estimate (YOE\$)

CEVP Category	P10	P60	P90
Pre-Mitigation Risk-Loaded Cost Estimate	\$5,383 M	\$6,523 M	\$7,487 M
Post-Mitigation Risk-Loaded Cost Estimate	\$5,049 M	\$5,935 M	\$6,650 M

M = million; P10 = 10th percentile; P60 = 60th percentile; P90 = 90th percentile

The IBR program elected to use the 60th percentile post-mitigation program cost of \$5,935 million as the budgetary target for this financial plan. The 10th percentile post-mitigation (\$5,049 million) and 90th percentile pre-mitigation (\$7,487 million) values were also communicated to provide a range of potential cost outcomes, simplified to a range of \$5 billion to \$7.5 billion, with a budgetary target of \$6 billion. These costs are shown in YOE\$.



## 5. POTENTIAL CAPITAL FUNDING SOURCES

Funding to cover the design, procurement, and capital construction of the Modified LPA will come from state, regional, and federal funding sources including funds procured from long-term borrowing. To ensure that funds are available to cover program costs when expended pursuant to the IBR program's construction schedule, interim short-term financing tools may be required that borrow against some of the future program revenues to meet current cash-flow requirements. This chapter of the financial plan describes the capital funding sources and financing options for the IBR program.

The status of these funding sources is classified as one of three categories:

- **Committed** funds are sources that have already been committed to the project through legislation, grant award, or some other mechanism that dedicates the funding to the IBR program.
- **Anticipated** funds are high-likelihood planned sources that are not yet technically committed to the program.
- **Prospective** funds are sources that are not committed or anticipated at this time but that are being considered by the program (e.g., an existing or future grant application awaiting decision).

This chapter describes the following:

- State and regional funding
- Federal funding
- Financing mechanisms

### 5.1 State and Regional Funding

Large transformative transportation projects such as the IBR program require funding from a variety of sources. Securing timely commitments at the state and regional levels will be essential for competing for the programs described in Section 5.2, Federal Funding. This section details existing and potential future state funding streams in Oregon and Washington that could be used to fund the IBR program.

Key state and regional funding options discussed in this plan include leveraging IBR toll revenues and funding from each of the Oregon and Washington Legislatures. It is anticipated that both state legislatures will contribute equal amounts of capital funding to the IBR program; however, it is important to note that the timing and mechanisms of funding allocation and application will not necessarily occur concurrently.

### 5.1.1 Existing Oregon and Washington Funding Contributions

The Washington Legislature enacted transportation budget bills for 2019,<sup>10</sup> 2020,<sup>11</sup> and 2022<sup>12</sup> that appropriated a total of \$45 million from state motor vehicle revenues to staff the IBR program office and fund planning and preliminary engineering. In Oregon, the OTC has approved \$55 million in funding from ODOT (\$9 million in 2019,<sup>13</sup> \$6 million in 2020,<sup>14</sup> \$30 million in 2021,<sup>15</sup> and \$10 million in 2022<sup>16</sup>) to similarly support planning, environmental analysis, and design work. This \$100 million shared commitment from ODOT and WSDOT is considered **committed**.

Additionally, the [2015 Connecting Washington Transportation Funding Package](#)<sup>17</sup> established a 16-year, \$16.1-billion investment program primarily funded by an 11.9-cent gas tax increase to enhance and maintain critical transportation infrastructure. This program dedicated \$97.7 million to fund improvements to the I-5/SR 501-Mill Plain Boulevard interchange in downtown Vancouver. Construction funding for this program is budgeted among the 2023-25, 2025-27, and 2027-29 biennia.<sup>18</sup> This financial plan assumes that these improvements will be constructed in conjunction with the IBR program, and therefore the financial plan includes their costs and associated funding. However, since this project pre-dates the initiation of the IBR program, it is currently assumed that Washington funding for this project is not matched with Oregon funds. The \$97.7 million in Connecting Washington funds are considered **committed**.

### 5.1.2 Move Ahead Washington

In March 2022, the Washington House and Senate each passed, and Governor Jay Inslee signed into law, MAW, a \$16-billion, 16-year transportation package. MAW included a commitment of \$1 billion to the IBR program, the aging of which is anticipated to be partially defined in the 2023 legislative session.

The \$1.0 billion funding contribution from the Washington Legislature under MAW is considered **committed**. However, the specific sources and budget appropriations timing of the IBR funding

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<sup>10</sup> [Washington Engrossed Substitute House Bill \(ESHB\) 1160](#), Chapter 416, May 2019.

<sup>11</sup> [Washington ESHB 2322](#), Chapter 219, March 2020.

<sup>12</sup> [Washington ESHB 5689](#), Chapter 186, March 2022.

<sup>13</sup> OTC Allocation of Oregon's Federal-Aid Highway Program Redistribution for FY 2019, August 2019.

<sup>14</sup> OTC Allocation of Oregon's Federal-Aid Highway Program Redistribution for FY 2020, September 2020.

<sup>15</sup> [OTC 2021-2024 Statewide Transportation Improvement Program \(STIP\) Update](#), March 2021.

<sup>16</sup> [OTC Allocation of Federal Redistribution Funding for FY 2022-2027](#), June 2022.

<sup>17</sup> Washington ESHB 5987, Chapter 44, July 2015.

<sup>18</sup> The timing for the \$97.7 million in state funding for the I-5/SR 501-Mill Plain Boulevard interchange project is consistent with the current law-enacted budget at time of writing (see [2021-23 Transportation Plan](#), December 2020). Governor Inslee's proposed [2023-25 Transportation Plan](#) budget defers this funding beyond the 2027-29 biennium with an inflationary adjustment. This financial plan will be updated as needed based upon the budget enacted as an outcome of the 2023 legislative session.

commitment are still to be determined. For example, some of these revenues may come from federal formula programs administered by the state and others may be from state funding sources. Eligible uses of these funds vary by revenue source — for example the [18<sup>th</sup> Amendment in the Washington State Constitution](#) restricts the expenditure of gas tax and vehicle license fees to “highway purposes”.<sup>19</sup> The 2023 IBR financial plan identifies at least \$300 million (15%) of the combined \$2 billion contribution from both states that needs to be eligible for transit expenditures. This will offer the IBR program the flexibility needed to meet the matching requirements of the three major federal grant programs that the IBR program plans to be applying for in 2023.<sup>20</sup>

### 5.1.3 Oregon Funding Contribution

It is expected that during the 2023 legislative session, Oregon will pursue a \$1 billion funding contribution to match the funding provided by the Washington Legislature in 2022. The specific revenue sources have not yet been determined and are subject to ongoing conversations within the Oregon Legislature. Action in 2023 is vital to meeting the IBR program’s assumed schedule and demonstrating local funding commitments to be competitive for federal discretionary grants.

The \$1.0 billion funding contribution from the Oregon Legislature is **anticipated**, with a commitment decision expected in 2023. [Governor Tina Kotek’s recommended state budget](#) directs ODOT to “work closely with the Legislature and stakeholders on a viable path forward [and] develop funding options other than solely a gas tax [...] to fund Oregon’s share of the bridge replacement.” It is possible that some of the Oregon funding contribution may be sourced from state highway funds, which are restricted by the state constitution and are disallowed from being used for most transit-related expenditures or projects. The 2023 IBR financial plan identifies at least \$300 million (15%) of the combined \$2 billion contribution from both states that needs to be eligible for transit expenditures. This would offer the IBR program the flexibility needed to meet the matching requirements of the three major federal grant programs that the IBR program plans to be applying for in 2023.<sup>20</sup>

### 5.1.4 Toll Funding

Toll revenue will be a vital funding source for both capital and operations and maintenance of the IBR program. The OTC and WSTC will work together to set toll rates and determine the details of related policies including a potential low-income program.<sup>21</sup> For the purposes of generating initial estimates of both gross and net toll revenues for this financial plan, the IBR program assumed the toll rates in

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<sup>19</sup> [18<sup>th</sup> Amendment to the Washington State Constitution](#).

<sup>20</sup> The \$300 million of transit eligible state funding assumes that the program receives a \$500 million USDOT Mega grant and a \$1 billion FTA CIG award; a lesser amount from either of these grant programs would require a larger share of transit eligible state funding.

<sup>21</sup> The Oregon Toll Program prepared a [Low-Income Toll Report](#) for the Oregon Legislature to consider in September 2022.

the Level 2 toll traffic and revenue (T&R) study that are described in more detail in the following subsections. The following dates outline the key milestones assumed in this process:

- Initiation of pre-completion tolling of the existing I-5 crossing: April 1, 2026.
- New Columbia River bridges opening: July 1, 2033.

The Oregon State Treasury, in collaboration with ODOT, and the Washington Office of the State Treasurer (both using the same “OST” acronym and collectively abbreviated as “the OSTs”) have conducted a preliminary financial capacity assessment of the projected net toll revenues for two toll scenarios. Their work has determined that the current toll capital funding assumption of \$1.24 billion in this financial plan is feasible.

The toll funding contribution to capital funding for the IBR program is considered **anticipated**, pending the approval of toll authorization legislation by the Washington Legislature. If toll authorization legislation is passed, the toll funding contribution can be considered committed.

#### 5.1.4.1 Toll Traffic and Revenue Study Assumptions and Process

The IBR program is conducting a Level 2 toll T&R study.<sup>22</sup> The objective of the T&R study is to prepare fiscally conservative toll traffic and revenue forecasts for financial planning purposes under different scenarios, the results of which will be used to determine the level of borrowing (i.e., the toll revenue bond contribution to the capital financial plan) that can be supported from the anticipated net toll revenues under different toll scenarios. The toll scenarios used are for study purposes only to inform financial planning, and do not represent final rates. Toll rates and policies for the bridge will be determined after a more robust analysis and a public process by the OTC and WSTC.

At present, traffic and revenue forecasts have been prepared for two base-case scenarios over a 40-year period. The analysis assumes that tolling would commence on the existing bridge, which is referred to as pre-completion tolling, starting April 1, 2026 (FY 2026). The traffic and tolling operations on the new bridge are assumed to commence by July 1, 2033 (FY 2034). During the pre-completion period while the new bridge is under construction, the existing bridge is assumed to operate toll-free between 11 p.m. and 5 a.m. This toll-free period is intended to avoid situations where users may be charged during lane or partial bridge closures where construction delays may apply. Twenty-four-hour tolling is assumed to begin once the new bridge opens. Tolling would be implemented according to a fixed schedule where rates vary by time of day, with highest tolls occurring during the most congested hours and lower tolls during other hours of the day.

The two base-case variable toll scenarios are referred to as Scenarios A and B. Scenario A assumed tolls ranging from \$3.00 to \$3.55 between 5 a.m. and 11 p.m. in the year of opening. The Scenario A analysis also considered a minimum overnight toll of \$2.15, though as noted above, overnight tolling would not begin until the new bridge is completed. Scenario B assumed slightly lower tolls ranging

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<sup>22</sup> General Engineering Consultant team members Stantec and WSP are leading this effort.

from \$2.05 to \$3.15 over the same 5 a.m. to 11 p.m. period, and it included analysis of a minimum overnight toll of \$1.50 assumed to be added once the new bridge is completed. Both base-case scenarios assumed that the toll rates would increase by 2.15% annually throughout the forecast period to keep pace with general price inflation.

This analysis partially captured the interaction with other committed regional projects and tolling initiatives. The ODOT [I-205 Toll Project](#),<sup>23</sup> which was adopted into the Metro 2023 Regional Transportation Plan, was included in the modeling process for this study. The ODOT [Regional Mobility Pricing Project](#)<sup>24</sup> is currently in the environmental planning stage and is not yet included in the Regional Transportation Plan, so it has been excluded from the modeling of Scenarios A and B. The combined impact of the I-205 Toll Project and the RMPP is anticipated to be evaluated as one or more additional scenarios as part of the ongoing Level 2 T&R study through Summer 2023.

The results of the Level 2 T&R study are intended to inform initial rate-setting discussions within and between the OTC and WSTC. A more rigorous Level 3 (investment-grade) T&R study will be conducted on one or two final candidate toll rate scenarios selected by the commissions in conjunction with the formal rate-setting process prior to the start of pre-completion tolling in April 2026. A refresh of the Level 3 T&R study will be needed prior to selling toll bonds at the end of the decade to help fund construction.

#### 5.1.4.2 Gross-to-Net Toll Revenue Projections

The Level 2 T&R study's toll traffic volumes and gross toll revenue potential projections for Scenarios A and B were completed in November 2022. A detailed cost and revenue model was developed to estimate the various deductions and expenses typically first taken off from the toll revenues collected. These include an allowance for uncollectible tolls, fees for processing credit and debit bank cards in the collection of revenue, and the costs of operating and maintaining both the bridge and approaches, as well as the toll collection function. The last item includes the bridge's roadway toll collection equipment and systems, as well as the IBR program's share of systemwide costs incurred by ODOT as the assumed toll administrator (i.e., customer service systems software, customer service center, transponder pass distribution, and management/vendor oversight).

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<sup>23</sup> <https://www.oregon.gov/odot/tolling/Pages/I-205-Tolling.aspx>

<sup>24</sup> <https://www.oregon.gov/odot/tolling/Pages/I-5-Tolling.aspx>

As shown in Figure 5-1, net toll revenues are what remain after accounting for these costs. They represent the cash flow available to provide funding for capital improvements via financing (debt service on toll bonds) and/or on a pay-as-you-go basis. An additional use of net toll revenues is making contributions to various accounts to provide reserves for a rainy day and to fund periodic major repair and capital replacement costs.

#### 5.1.4.3 Toll Capital Funding Contribution

The IBR program shared the net toll revenue projections from Scenarios A and B with WSDOT and ODOT for their use in coordination with the OSTs and their respective financial advisors. Contingent upon receipt of the other anticipated and prospective funding in this financial plan, a \$1.24 billion toll funding contribution is required, with bond proceeds over FYs 2030–31. The preliminary financial capacity assessment conducted by each state confirms the viability of a \$1.24 billion toll capital contribution under a base case financing scenario. Additional work will be done to assess the full funding capacity of net toll revenues.

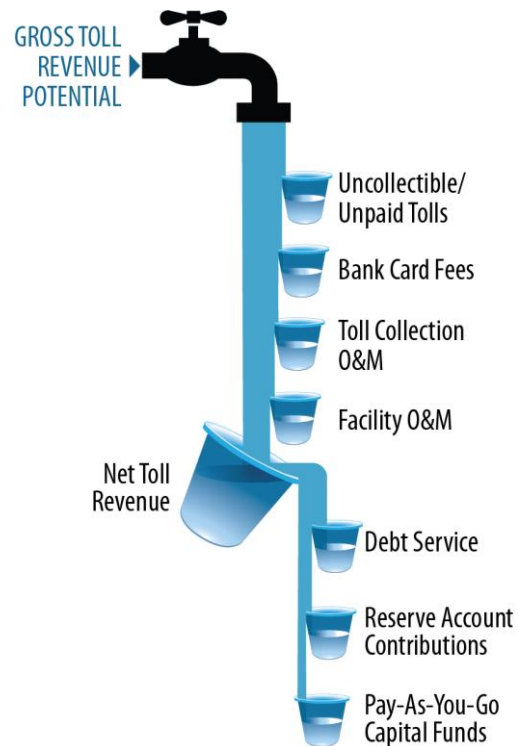
By way of comparison, the December 2020 CFP relied upon toll funding estimates prepared for the CRC project from the [2013 CRC Level 3 Toll T&R study](#). The financial capacity analysis conducted by ODOT, the Oregon State Treasury, and their financial advisor back in 2013 estimated a toll funding contribution range of \$1.1 to \$1.6 billion including pre-completion tolling.

## 5.2 Federal Funding

There are several federal competitive grant programs which could contribute significant amounts of discretionary funding to the IBR program. Each of these programs has its own set of procedures and criteria. Based upon the program's adopted Modified LPA, three federal competitive grant opportunities stand out as being the likeliest to contribute large funding awards and comprise the majority of federal aid for the IBR program:

- FHWA Bridge Investment Program (BIP).
- USDOT National Infrastructure Project Assistance (Mega) Program.
- FTA New Starts funding under the Capital Investment Grants (CIG) Program.

Figure 5-1. Net Toll Revenue Composition and Uses



Other competitive federal discretionary grant programs that may also benefit the IBR program to a lesser degree are listed below:

- USDOT Nationally Significant Multimodal Freight & Highway Projects (INFRA).
- USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE).
- FHWA Accelerated Innovative Deployment (AID) Demonstration Program.
- USDOT Reconnecting Communities Pilot Program.

The relevant federal agencies administering these programs typically prioritize projects based upon justification, financial commitment at the state and/or regional level, readiness, and other factors. These agencies typically prefer to be the “last dollar in” to close a project’s remaining funding gap.

This section provides an overview of each of these discretionary grant programs’ requirements, selection criteria, processes, and work required to position for and satisfy the prerequisites for obtaining discretionary funding. All discretionary federal grant program funds are considered **prospective** at this stage, except for the \$1.0 million BIP Planning grant that was awarded to the program in late 2022, which is considered **committed**.

### 5.2.1 FHWA Bridge Investment Program

The 2021 Bipartisan Infrastructure Law (BIL) established the competitive BIP designed to fund projects that replace, rehabilitate, preserve, or protect bridges listed in the National Bridge Inventory. The overarching goals of this program are three-fold:

1. Improve the safety, efficiency, and reliability of people and freight movement over bridges.
2. Improve the condition of bridges in the U.S.
3. Leverage non-federal contributions from sponsors and stakeholders involved in planning, design, and construction by providing federal financial assistance.

The BIL appropriates \$9.2 billion between federal fiscal year (FFY) 2022 and FFY 2026 to fund this discretionary program, and an additional \$6.5 billion is authorized for annual congressional appropriation during those years. A portion of this discretionary funding — at least 50% — is reserved for large projects with eligible project costs greater than \$100 million.

In June 2022, FHWA released a Notice of Funding Opportunity (NOFO) to solicit applications for three categories of BIP funding opportunities:

1. Planning.
2. Bridge Projects (eligible costs of less than \$100 million).
3. Large Bridge Projects (eligible costs of more than \$100 million).

A total of \$20 million in 2022 BIP funds are available for Planning purposes. These funds were awarded on a competitive basis for planning, feasibility analysis, and revenue forecasting associated with the development of projects that are anticipated to be eligible to apply in a future year for Bridge Projects or Large Bridge Projects funding. Furthermore, a total of \$2.36 billion in 2022 BIP funds were available

for Bridge Projects and Large Bridge Projects that are anticipated to begin construction within 18 months of grant obligation. These funds were awarded on a competitive basis for projects focusing on bridge replacement, rehabilitation, preservation, and protection. Eligible uses of grant funding are broad and include all stages of project development (i.e., planning, environmental, and design), construction, and implementing operational improvements that are directly related to improving system performance.

During the FFY 2022 BIP cycle, the IBR program was awarded a \$1.0 million Planning grant. The IBR program also applied for a \$750.0 million Large Bridge Project construction grant but was not awarded these funds in the FFY 2022 BIP cycle. The IBR program is confident that it will be competitive for future funding rounds and is encouraged by the size of the grants that have been announced to date. Securing additional state funding and staying on schedule to advance the program through the environmental review process will be key to maximizing federal grant awards. The IBR program intends to apply to this program again in FFY 2023.

Table 5-1 outlines the FHWA BIP and its applicability to the IBR. Since the IBR program has already been awarded a BIP Planning grant, the table below only outlines the details for Large Bridge Projects.

**Table 5-1. FHWA Competitive Bridge Investment Program Funding Source Overview**

Criterion		Bridge Investment Program
Funding Available		\$9.2 to \$15.8 billion from FFY 2022 to FFY 2026. Minimum award is \$50 million for Large Bridge Projects. Largest known FFY 2022 (multiyear) award announced was \$1.39 billion for the Brent Spence Bridge in Kentucky and Ohio.
Matching Requirements		For Large Bridge Projects, the grant share may not exceed 50% of total project costs; total federal assistance not to exceed 80%.
Eligible Phases	Planning	✓*
	Environmental and Design	✓
	Construction	✓
Eligible Project Types	Highway	✓
	Transit**	Not Applicable
	Bicycle/Pedestrian	✓

\*Even though “development-phase activities, including planning, feasibility analyses, revenue forecasting, environmental review, preliminary engineering and design work, and other preconstruction activities” are listed as eligible project costs in the [FFY 2022 BIP NOFO](#), successful applicants need to demonstrate readiness to be in construction within 18 months of obligation of grant funds.

\*\* Refers to specific expenditures for transit excluding the bridge structure on which transit operates.

FFY = federal fiscal year



## 5.2.2 USDOT National Infrastructure Project Assistance Program

The BIL created the discretionary Mega grant program for large transportation projects that exceed \$500 million in anticipated costs, that are likely to “generate national or regional economic, mobility, or safety benefits,”<sup>25</sup> and that are reasonably expected to begin construction within 18 months of grant obligation. Eligible projects include highway or bridge projects on the National Highway System, as well as freight and passenger rail and public transportation projects. An overall program that includes multimodal investments (e.g., highway, transit, pedestrian/bike), such as the IBR program, is also eligible for this opportunity. Eligible uses of grant funding are broad and include all stages of project development (i.e., planning, environmental, and design work) and construction, as well as interest and other financing costs required to carry out the project under a multiyear agreement.

Mega is now part of the Multimodal Project Discretionary Grant (MPDG) Opportunity which combined multiple grant opportunities into a single solicitation. The other grant programs included in the MPDG are INFRA and the Rural Surface Transportation Grant program. MPDG allows applicants to apply to one, two, or all three of these funding opportunities by submitting only one application.

The BIL appropriated up to \$5 billion from FFY 2022 through FFY 2026 (and authorized Congress to appropriate up to \$5 billion in additional funding during this period as well); \$1 billion was made available in FFY 2022. Half of the funds are available for projects greater than \$500 million, such as the IBR program. It is anticipated that USDOT will issue a NOFO for FFY 2023 grants in spring 2023.

Table 5-2 outlines the USDOT Mega program and its applicability to the IBR program.

Table 5-2. USDOT National Infrastructure Project Assistance Program Funding Source Overview

Criterion		USDOT Mega Program
Funding Available		\$1 billion per year (\$5 billion total) from FFY 2022 to FFY 2026. Largest FFY 2022 awards were for \$292 million to the Hudson Yards Project (New York; multiyear grant award) and \$250 million for the Brent Spence Bridge (Kentucky and Ohio; single-year grant award)
Matching Requirements		Grant award may not exceed 60% of eligible project costs. Total federal assistance not to exceed 80% of total project cost.
Eligible Phases	Planning	✓
	Environmental and Design	✓
	Construction	✓

<sup>25</sup> Infrastructure Investment and Jobs Act ([IIJA](#)), p. 615, Line 21

Criterion		USDOT Mega Program
Eligible Project Types	Highway	✓
	Transit	✓
	Bicycle/Pedestrian	✓

FFY = federal fiscal year

The IBR program submitted a letter of intent to apply for a future NOFO under the Mega program in May of 2022. In this letter of intent, the IBR program stated its intention to pursue this opportunity and apply for funding when it can meet the grant's project-readiness eligibility requirements, potentially occurring as early as 2023. At this juncture, the program plans to seek a Mega grant award in the range of \$500 to \$750 million.

### 5.2.3 FTA Capital Investment Grants New Starts Program

The CIG program provides capital funding for fixed guideway transit projects such as new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit, and ferries. The CIG program may also provide funding for corridor-based bus rapid transit investments that do not involve a dedicated guideway for transit. Projects costing more than \$400 million or having a CIG share of more than \$150 million are categorized as New Starts; projects costing less than \$400 million and seeking less than \$150 million are categorized as Small Starts. Both TriMet and C-TRAN have successfully secured CIG funding for transit projects in the past. Recent awards include the following:

- TriMet was awarded \$100 million for the MAX Red Line Extension and Reliability Improvements through the CIG Small Starts program in FFY 2021.
- C-TRAN was awarded \$25 million for the Mill Plain bus rapid transit through the CIG Small Starts Program in FFY 2020.
- TriMet received \$87 million for the Division Street Transit Project through the CIG Small Starts program in FFY 2019.
- C-TRAN received \$38 million for the Fourth Plain bus rapid transit through the CIG Small Starts Program in FFY 2015.
- TriMet received \$745 million in the form of a New Starts grant for the Portland-Milwaukie Light Rail Project in FFY 2012.

The IBR program expects that the CIG New Starts program will serve as a major funding source for the transit element. With a currently estimated New Starts eligible project cost of approximately \$1.8 billion, the IBR program anticipates applying for an award range of \$0.9 to \$1.1 billion. This range assumes that this financial plan's BIP and Mega grant expectations are met, and the upper end of the range would likely need to increase if the other grant expectations fall short. By comparison, the FTA recommended an \$850 million New Starts grant in 2013 to help fund the transit component of the previous CRC project. Negotiations with FTA during the CRC project accounted for Section 173 of the

[FY 2010 Consolidated Appropriations Act](#), and this financial plan assumes that those provisions continue to apply.<sup>26</sup>

Unlike BIP, Mega, and most other federal discretionary grants — which are generally awarded within one year from submitting a one-time application — the FTA’s CIG process involves a series of steps over multiple years, as set forth in statute and further defined in regulations and policy guidance. Table 5-3 outlines the FTA CIG program and its applicability to the IBR program.

**Table 5-3. FTA Capital Investment Grants Program Overview**

Criterion		FTA New Starts Grants
Funding Available		The BIL authorized \$4.6 billion per year in CIG funding nationwide for FFY 2022 through FFY 2026.
Matching Requirements		60% maximum from CIG program with a maximum federal share of 80%
Eligible Phases	Planning	Not Applicable
	Environmental and Design	✓
	Construction and Project Delivery	✓
Eligible Project Types	Highway	Not Applicable
	Transit	✓
	Bicycle/Pedestrian	✓

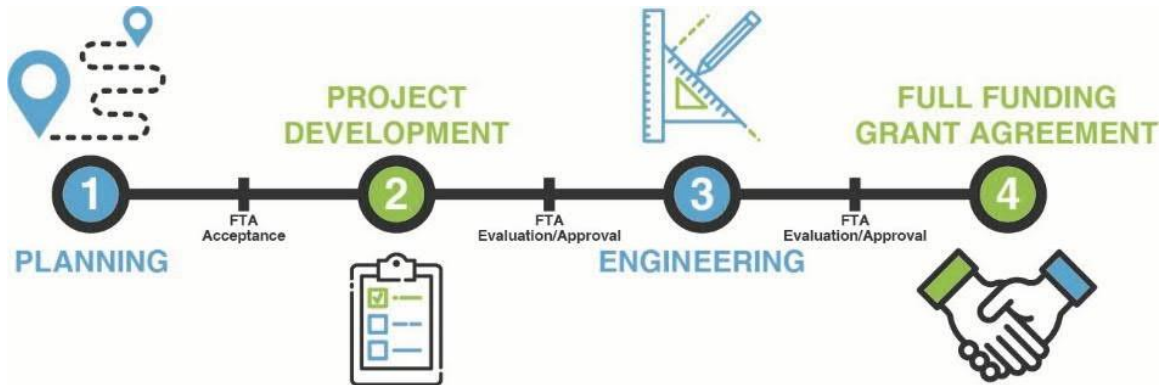
BIL = Bipartisan Infrastructure Law; CIG = Capital Investment Grants; FFY = federal fiscal year

Figure 5-2 illustrates the steps required for a CIG New Starts grant, from planning to acceptance into the Project Development phase, to approval into the Engineering phase, and finally to approval of a Full Funding Grant Agreement (FFGA). The FFGA establishes the project scope, the amount of CIG

<sup>26</sup> Section 173 of the FY 2010 Consolidated Appropriations Act, sponsored by Senator Patty Murray, clarifies the following for multimodal interstate projects in Interstate Highway corridors applying for CIG New Starts funds:  
 1) The CIG share and overall federal participation percentages for the IBR program are based on the overall multimodal program cost as the denominator (i.e., amounting to a 15-19% New Starts share in this financial plan)  
 2) The Project Justification rating is based on solely the costs of the transit elements of the multimodal project (i.e., approximately \$1.8 billion [YOES]).

funding that FTA will request in congressional appropriations for disbursement to the recipient agency, and the schedule of those requests.

Figure 5-2. FTA Capital Investment Grants New Starts Process



Prior to advancing from Project Development into the Engineering phase, the IBR program will need to document that it meets statutory and FTA policy requirements for approval into Engineering. Statutory requirements are:

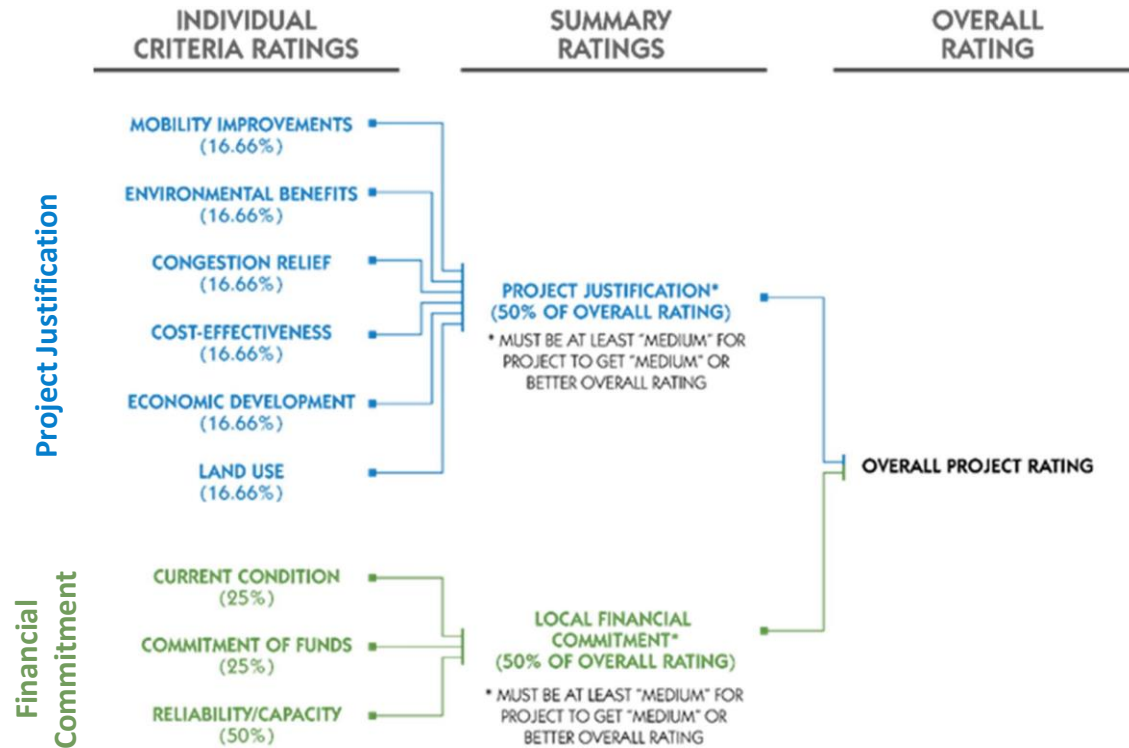
- Completion of NEPA analysis.
- Approval into regional transportation plans.
- Submission of information needed for FTA’s justification and financial ratings, with a resulting rating of “Medium” or better.

Policy requirements include:

- Completion of at least a 30% engineering and cost estimate based on that level of design.
- A “lock” on the dollar amount to be requested from the CIG program and commitment of at least 30% of non-CIG match funding.
- Submission and approval of a project management plan and subplans demonstrating the project sponsor’s technical capacity to advance the project successfully.

For CIG New Starts applicants, these requirements must be met prior to entering Engineering and again, prior to the FFGA. Critical third-party agreements must also be in place prior to the FFGA. The ratings are reported to Congress in FTA’s Annual Report on Funding Recommendations for the CIG Program, which is submitted as part of the president’s budget each year. Figure 5-3 illustrates the rating system and criteria for New Starts. Specific metrics and breakpoints are spelled out in FTA guidance.

Figure 5-3. FTA Capital Investment Grants Rating System and Criteria



The following outlines the key FTA CIG milestones for the IBR transit component assumed in this financial plan:

- Project Development phase: Summer 2023 through summer 2025
- Submit required materials and financial plan for initial rating: Summer 2024
- Initial rating in president’s budget: February 2025
- Submit request to FTA Entry into Engineering phase and rating materials: Summer 2025
- Anticipated rating and recommendation for funding in president’s budget: February 2026
- Anticipated approval for FTA Entry into Engineering phase: Spring 2026
- Anticipated receipt of FFGA:<sup>27</sup> 2028

<sup>27</sup> FTA approval through a Letter of No Prejudice review may be needed to ensure that expenses incurred using non-federal sources of funding will remain eligible for reimbursement once an FFGA is signed and executed. A Letter of No Prejudice allows critical, time-sensitive activities to proceed using local funds in advance of federal grant funds available for reimbursement. Since the IBR program will likely embark on construction of the multimodal bridge structures prior to the award of an FFGA under the CIG New Starts program, a Letter of No Prejudice should be secured to ensure that the transit portion of these expenditures remains reimbursable.

As the IBR program plans to enter the Project Development phase of the FTA CIG process in 2023, it will continue to further refine its financial plan and cost estimates. Based on the current estimated cost of IBR program's transit element, the IBR program may be seeking a grant award of between \$0.9 and \$1.1 billion from the CIG New Starts program.

## 5.2.4 Other Potential Federal Grants

This section describes other discretionary federal grants that the IBR program may be eligible for including INFRA, RAISE, AID, and Reconnecting Communities. While IBR may qualify for these opportunities, these programs are generally smaller in size than others such as BIP, Mega, and CIG, and therefore are unlikely to be capable of serving as the primary sources of funding. As of 2023, the IBR program is currently focused on the securing funding from the federal grant programs likely to award the largest amounts of discretionary funding and will turn to these other smaller grant programs for discreet eligible components of the program where opportunities arise (e.g., the 2021 AID Demonstration Grant application for the IBR digital twin).

### 5.2.4.1 FHWA Nationally Significant Multimodal Freight & Highway Projects Grant Program

INFRA is dedicated to rebuilding the nation's aging infrastructure. It uses selection criteria that promote projects with national and regional economic vitality as well as environmental justice goals towards highway and intercity/freight rail projects. The program also incentivizes project sponsors to pursue innovative delivery strategies including public-private partnerships. In March 2022, the USDOT announced up to \$8 billion in funds available for awards from FFY 2022 to FFY 2026, of which approximately \$1.55 billion was made available in FFY 2022. INFRA is part of the MPDG opportunity, which is a combined solicitation with the Mega program and the Rural Surface Transportation Grant program.

### 5.2.4.2 USDOT Rebuilding American Infrastructure with Sustainability and Equity Grants

The RAISE grant program (formerly known as BUILD and TIGER) is a highly competitive USDOT grant program that supports the capital costs of road, rail, transit, and multimodal projects that have a significant impact on the nation, a region, or a metropolitan area. In March 2022, the Consolidated Appropriations Act appropriated an additional \$775 million for the FFY 2022 RAISE Grant Program, bringing the total available funds in FFY 2022 to \$2.275 billion. The maximum RAISE grants are typically \$25 million, although the additional funding appropriated by Congress in 2023 increased the maximum award amount to \$45 million.

### 5.2.4.3 FHWA Accelerated Innovative Deployment Demonstration Program

The AID Demonstration Program seeks to incentivize accelerated innovation in highway transportation projects that must include some proven highway transportation application not routinely used by the applicant. Each award may be up to \$1 million. AID awards are limited per fiscal year of up to two per state DOT applicant, with up to one award for a state DOT and up to one award for a subrecipient applying through the state DOT. FHWA notes a variety of forward-thinking funded

projects through AID, such as geospatial data collaboration, intelligent systems technology, e-Construction,<sup>28</sup> as well as business process management systems.

The IBR program submitted a grant application to the AID Demonstration Program in September 2021 seeking \$1.0 million in federal funds for implementation of a digital twin of the IBR program works, which will provide the framework for connecting various design inputs, GIS data, and other previously siloed information to enhance this collaborative working environment and allow key stakeholders to visualize a wealth of project data in one central place. In addition, the digital twin will be used for public outreach, planning, design collaboration and production, cost estimating, and eventually for procurement, construction oversight, operations (assisted by sensors), and asset management. At the time of writing, FHWA is still reviewing applicants for determining AID program awards.

#### 5.2.4.4 USDOT Reconnecting Communities Pilot Program

The Reconnecting Communities Pilot Program is a discretionary grant program funded with a cumulative total of \$1 billion over the next 5 years. The program's funds can support planning, capital construction, and technical assistance to equitably and safely restore community connectivity through the removal, retrofit, mitigation, or replacement of eligible transportation infrastructure facilities that create barriers to mobility, access, or economic development. This is a new program that was enacted as part of the BIL. USDOT announced that \$195 million was available for the FFY 2022 solicitation. In June 2022, USDOT released a NOFO to solicit applications for Planning Grants and Capital Construction Grants, which are awarded on a competitive basis.

## 5.3 Financing Mechanisms

There is a key difference between funding and financing and how each could contribute to the IBR program. Essentially, funding is a monetary resource that is available to pay for capital investments when needed, whereas financing is a tool that facilitates borrowing against future revenues to convert them into current funding. The borrowed funds must then be repaid with interest in the future. This section describes the following funding mechanisms:

- Toll bonds.
- USDOT Transportation Infrastructure Finance and Innovation Act Program.
- Short-Term Borrowing (e.g., Commercial Paper and/or Grant Anticipation Notes).

### 5.3.1 Toll Bonds

A toll bond is a financial instrument issued by an owner or developer to borrow funds from bond investors or lenders. Toll bonds are issued with multiple maturities in which the borrower makes principal and interest (coupon) payments from toll revenues, typically from net toll revenues (see Figure 5-1). Government agency borrowers generally have access to lower borrowing costs via

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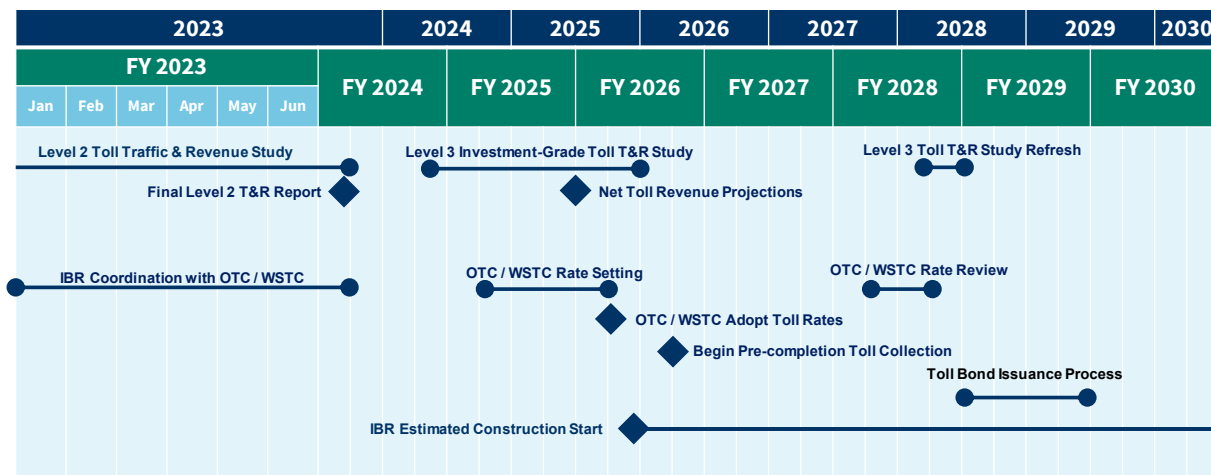
<sup>28</sup> For more information on e-Construction, see <https://www.fhwa.dot.gov/construction/econstruction/>.

municipal tax-exempt bonds in which the investors are willing to accept lower interest rates in exchange for their interest earnings being exempt from income tax. In addition, a toll bond may rely solely on the pledge of toll revenues for repayment (e.g., a stand-alone toll revenue bond) or other additional revenue sources, or the full faith and credit of the state may also be pledged to “backstop” toll revenue to improve the transaction’s credit rating, lower borrowing costs, or increase borrowing capacity.

Issuing toll revenue bonds in Oregon and Washington requires slightly different processes, but the general milestones are outlined in Figure 5-4 and the following key milestones must take place prior to the issuance of toll revenue bonds:

- Establish legislative toll bond authority for the IBR program in Washington and Oregon.
- OTC and WSTC adoption of toll rates, including periodic reviews and adjustments.
- Completion of a Level 3 investment-grade toll T&R study or study refresh.
- Preparation of a bond trust indenture (contract with investors) by bond counsel.
- Preparation of a plan of finance, official statement(s), and credit rating agencies meetings.

Figure 5-4. IBR Toll Funding Timeline



### 5.3.2 USDOT Transportation Infrastructure Finance and Innovation Act Program

The USDOT TIFIA program, administered by the Build America Bureau, provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA leverages federal funds by attracting private and non-federal investments to projects with TIFIA credit assistance thus providing improved access to capital markets, offering flexible repayment terms, and potentially providing more favorable interest rates than can be found in private capital markets for similar instruments. Any highway or transit capital project eligible for federal aid and included in the applicable state transportation improvement program is also eligible for the TIFIA program.



Historically, credit assistance has been limited to 33% of reasonably anticipated eligible project costs, though sponsors can now borrow up to 49% for transit and transit-oriented development projects. The proceeds of a TIFIA loan are not considered to be federal funds if the loan is repayable from non-federal funds, such as the tolls for crossing the bridge. However, the total federal share of a project that is partially funded with a TIFIA loan cannot exceed 80%; the anticipated federal share of program funding in this financial plan is well below this limit.

The financing program permits repayment over a term of up to 75 years after a project’s substantial completion as amended in the 2021 BIL from 35 years, and it provides borrowers with the flexibility to defer principal and capitalize interest payments for up to 5 years. Creditworthiness is a critical factor in the evaluation process; if the revenue streams of a project are unproven, an additional pledge by the state or local government can be used to secure the loan. Applicants for TIFIA loans do not have to pay a credit risk premium to cover the cost of potential losses on the project. Congress appropriates funding each year to cover those costs.

Benefits of the TIFIA program include low interest rates equal to long-term U.S. Treasuries at the time the loan is committed, the ability to capitalize debt for up to 5 years, and credit risk premium assistance. However, the administrative requirements necessary to demonstrate creditworthiness are extensive and time consuming.

ODOT or WSDOT could pursue a TIFIA loan to be repaid with all or a portion of its share of toll revenues, which could potentially increase the level of toll funding for the program. It is anticipated that current and future toll funding capacity analyses conducted by both states will consider the pros and cons of the TIFIA Program. An overview of the program is included in Table 5-4 below.

**Table 5-4. Transportation Infrastructure Finance and Innovation Act Program Overview**

Criterion		TIFIA Program
Funding Available		The <a href="#">BIL</a> authorizes \$250 million annually in credit subsidy over FFYs 2022 through 2026, which can leverage up to 10 times that amount in loans annually.
Matching Requirements		Assistance is typically limited to 33% of project costs, with borrowing of up to 49% of costs for eligible transit and transit oriented- development projects; requires dedicated repayment stream; may require additional pledge to ensure creditworthiness.
Eligible Phases	Planning	✓
	Environmental and Design	✓
	Construction	✓

Criterion		TIFIA Program
Eligible Project Types	Highway	✓
	Transit	✓
	Bicycle/Pedestrian	✓

BIL = Bipartisan Infrastructure Law; FFY = federal fiscal year

### 5.3.3 Short-Term Borrowing

The annual amount of federal grant funds available to a project may be less than the cash flow requirements of a project’s construction schedule. GANs or commercial paper short-term borrowing mechanisms can help bridge the gap between the annual amount of available funds and the annual funding needs of the project.

GANs are revenue bonds that are backed by anticipated FTA grant receipts. Once a revenue source is secured — in the case of a signed FFGA for a CIG grant or another executed grant agreement — GANs can be helpful as a short-term financing tool if future grant award dispersals are needed earlier than specified in the grant agreement due to project construction cash flow needs and/or if grant award dispersals occur after project completion due to federal budgeting constraints. GANs serve as a source of financing for FTA programs as the principal and interest on GANs are eligible to be repaid with FTA capital grant funding. The IBR program will evaluate whether to pursue GANs at a later date during the FTA CIG process.

This financial plan currently assumes that annual disbursements from the FTA CIG New Starts grant will not exceed \$170 million per year and that GAN financing will not be required. These assumptions will be revised as the program progresses along the FTA CIG application process.

## 6. CAPITAL FINANCIAL PLAN: SOURCES, USES, AND THE FUNDING GAP

This chapter provides a program capital cash flow that matches the sources and uses of funds by year (see Section 6.1), and it discusses the next steps required to secure the necessary funding commitments to fully fund the program(see Section 6.2).

### 6.1 Cash Flow Analysis

This financial plan matches a host of committed, anticipated, and prospective funding sources (see Chapter 5) to the post-mitigation 60th percentile risk-loaded cost of \$5,935 million (YOES) over FY 2020 through FY 2034. Capital cost estimates are split by state and among program management, right of way, and construction, as well as the following high-level categories:

- Highway costs.
- Transit costs.
  - Costs uniquely attributed to the transit component.
- Transit share of highway bridge costs.
  - The share of highway bridge costs attributed to the transit component, based on 16% of the cost of the river crossing bridge structure, which is the percentage share of the bridge deck width allocated to LRT.

The funding sources assumed in this financial plan include:

- Existing Oregon and Washington State Funding (**\$197.7 million committed**).
- MAW State Funding (**\$1 billion committed**).
- Oregon Funding Contribution (**\$1 billion anticipated**).
- Toll Funding (**\$1.237 billion anticipated**).
- Federal Competitive Grants (**\$2.5 billion prospective**, of which **\$1 million is committed**).

The alignment of annual sources and uses of funds for this financial plan are illustrated in Figure 6-1, Table 6-1, and Table 6-2. The underlying assumptions for the sources and uses of funds are likely to evolve as the IBR program cost estimates are updated during the next CEVP cycle and more information is known about anticipated and prospective funding. In particular, the current financial plan is focused on maximizing federal grant funding from the three largest eligible award opportunities from the 2021 BIL. If future expectations for the BIP, Mega, and/or CIG awards need to be revised downward, then the IBR program will look to other strategies to close the gap, such as smaller federal discretionary grant opportunities or others.

Figure 6-1. IBR Program Annual Sources and Uses of Funds (millions of YOES)

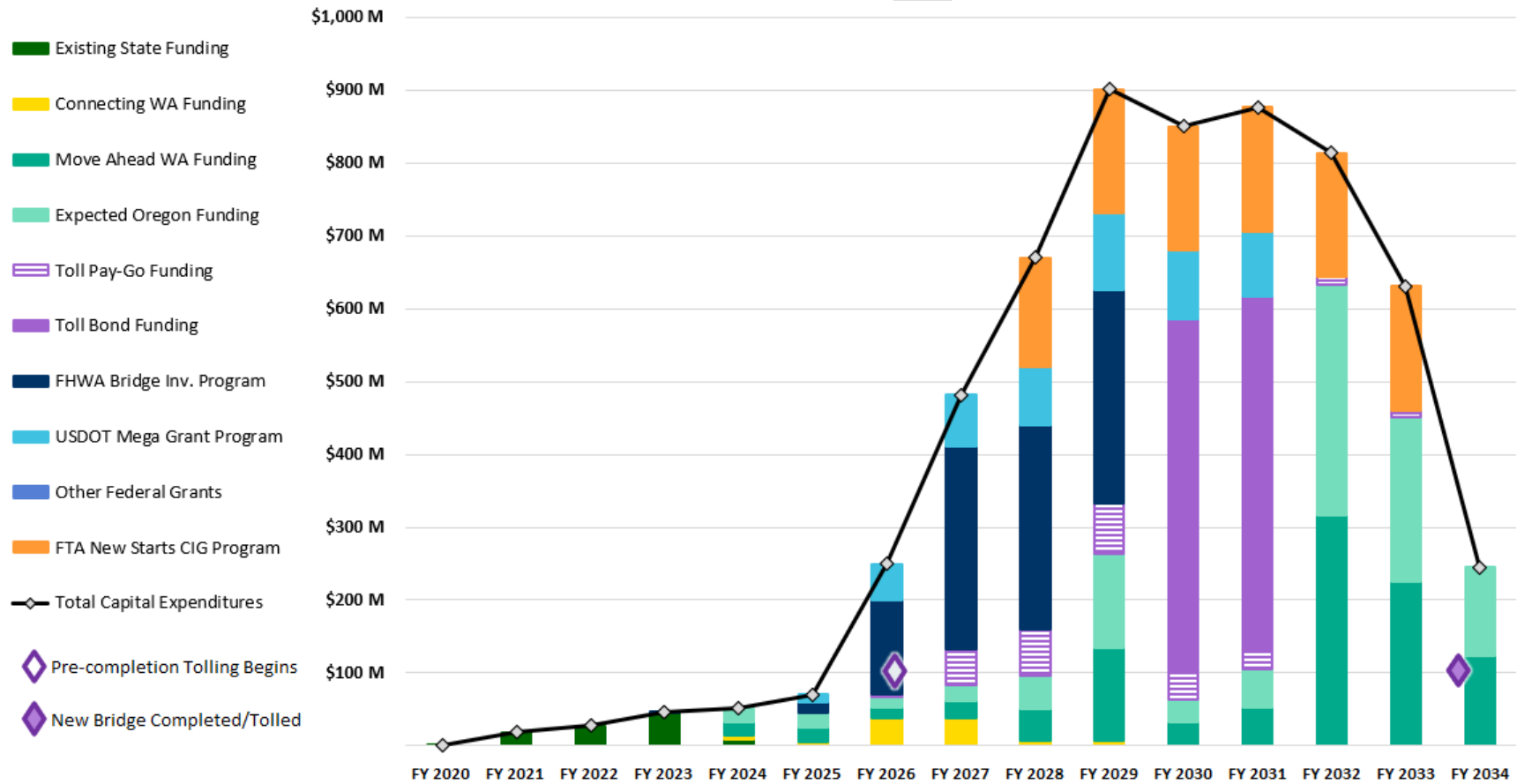


Table 6-1. IBR Program Annual Uses of Funds (millions of YOE\$)

USES OF FUNDS	% SHARE	TOTALS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Program Management	8.7%	\$517.4 M	0.9	18.1	27.5	45.4	51.5	52.6	35.8	36.6	36.0	36.3	37.1	37.9	38.8	39.5	23.4
<i>Highway</i>	<i>6.0%</i>	<i>\$357.1 M</i>	<i>0.6</i>	<i>13.1</i>	<i>19.9</i>	<i>32.8</i>	<i>37.3</i>	<i>38.0</i>	<i>23.8</i>	<i>24.3</i>	<i>24.0</i>	<i>24.2</i>	<i>24.7</i>	<i>25.3</i>	<i>25.8</i>	<i>26.3</i>	<i>17.0</i>
<i>Transit Only</i>	<i>2.4%</i>	<i>\$143.1 M</i>	<i>0.3</i>	<i>5.0</i>	<i>7.6</i>	<i>12.6</i>	<i>14.2</i>	<i>14.5</i>	<i>9.9</i>	<i>10.1</i>	<i>10.0</i>	<i>10.0</i>	<i>10.3</i>	<i>10.5</i>	<i>10.7</i>	<i>10.9</i>	<i>6.5</i>
<i>Transit Share of Hwy</i>	<i>0.3%</i>	<i>\$17.2 M</i>	-	-	-	-	-	-	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.2</i>	<i>2.2</i>	<i>2.3</i>	-
Right-of-Way	4.3%	\$252.5 M	-	-	-	-	-	17.3	46.0	104.2	76.1	9.0	-	-	-	-	-
<i>Highway</i>	<i>3.1%</i>	<i>\$185.3 M</i>	-	-	-	-	-	<i>12.0</i>	<i>33.6</i>	<i>77.3</i>	<i>56.2</i>	<i>6.2</i>	-	-	-	-	-
<i>Transit Only</i>	<i>1.1%</i>	<i>\$67.2 M</i>	-	-	-	-	-	<i>5.3</i>	<i>12.4</i>	<i>26.9</i>	<i>19.9</i>	<i>2.7</i>	-	-	-	-	-
<i>Transit Share of Hwy</i>	<i>0.0%</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	87.0%	\$5,165.4 M	-	-	-	-	-	-	168.1	341.2	557.9	855.9	814.0	839.3	775.8	591.3	221.9
<i>Highway</i>	<i>60.0%</i>	<i>\$3,559.0 M</i>	-	-	-	-	-	-	<i>148.4</i>	<i>301.2</i>	<i>390.5</i>	<i>555.5</i>	<i>528.2</i>	<i>568.8</i>	<i>511.6</i>	<i>332.8</i>	<i>221.9</i>
<i>Transit Only</i>	<i>24.3%</i>	<i>\$1,442.9 M</i>	-	-	-	-	-	-	-	-	<i>126.6</i>	<i>258.7</i>	<i>264.4</i>	<i>270.5</i>	<i>264.2</i>	<i>258.5</i>	-
<i>Transit Share of Hwy</i>	<i>2.8%</i>	<i>\$163.4 M</i>	-	-	-	-	-	-	<i>19.7</i>	<i>40.0</i>	<i>40.8</i>	<i>41.7</i>	<i>21.3</i>	-	-	-	-
<b>TOTAL USES</b>	<b>100.0%</b>	<b>\$5,935.3 M</b>	<b>0.9</b>	<b>18.1</b>	<b>27.5</b>	<b>45.4</b>	<b>51.5</b>	<b>69.9</b>	<b>249.9</b>	<b>482.0</b>	<b>670.0</b>	<b>901.2</b>	<b>851.1</b>	<b>877.2</b>	<b>814.6</b>	<b>630.8</b>	<b>245.3</b>
<i>Highway</i>	<i>69.1%</i>	<i>\$4,101.4 M</i>	<i>0.6</i>	<i>13.1</i>	<i>19.9</i>	<i>32.8</i>	<i>37.3</i>	<i>50.0</i>	<i>205.8</i>	<i>402.9</i>	<i>470.7</i>	<i>586.0</i>	<i>553.0</i>	<i>594.1</i>	<i>537.4</i>	<i>359.1</i>	<i>238.8</i>
<i>Transit Only</i>	<i>27.9%</i>	<i>\$1,653.2 M</i>	<i>0.3</i>	<i>5.0</i>	<i>7.6</i>	<i>12.6</i>	<i>14.2</i>	<i>19.8</i>	<i>22.3</i>	<i>37.0</i>	<i>156.5</i>	<i>271.5</i>	<i>274.7</i>	<i>280.9</i>	<i>274.9</i>	<i>269.4</i>	<i>6.5</i>
<i>Transit Share of Hwy</i>	<i>3.0%</i>	<i>\$180.7 M</i>	-	-	-	-	-	-	<i>21.8</i>	<i>42.1</i>	<i>42.9</i>	<i>43.8</i>	<i>23.4</i>	<i>2.2</i>	<i>2.2</i>	<i>2.3</i>	-

Table 6-2. IBR Program Annual Sources of Funds (millions of YOES)

SOURCES OF FUNDS	% SHARE	TOTALS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Existing State Funding	1.7%	\$100.0 M	0.9	18.1	27.5	44.4	9.1	-	-	-	-	-	-	-	-	-	-
Move Ahead WA Funding	16.8%	\$1,000.0 M	-	-	-	-	18.6	19.8	14.4	23.3	44.8	128.9	31.9	52.8	317.1	225.7	122.7
Expected Oregon Funding	16.8%	\$1,000.0 M	-	-	-	-	18.6	19.8	14.4	23.3	44.8	128.9	31.9	52.8	317.1	225.7	122.7
Connecting WA Funding	1.6%	\$97.7 M	-	-	-	-	5.2	5.2	37.4	37.4	6.3	6.3	-	-	-	-	-
Toll Pay-Go Funding	4.5%	\$265.8 M	-	-	-	-	-	-	3.6	48.0	64.1	68.2	36.4	25.6	10.5	9.5	-
Toll Bond Funding	16.4%	\$971.9 M	-	-	-	-	-	-	-	-	-	-	485.9	485.9	-	-	-
FHWA Bridge Inv. Program	16.8%	\$1,000.0 M	-	-	-	1.0	-	15.0	130.0	280.0	280.0	294.0	-	-	-	-	-
USDOT Mega Grant Program	8.4%	\$500.0 M	-	-	-	-	-	10.0	50.0	70.0	80.0	105.0	95.0	90.0	-	-	-
Other Federal Grants	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FTA New Starts CIG Program	16.8%	\$1,000.0 M	-	-	-	-	-	-	-	-	150.0	170.0	170.0	170.0	170.0	170.0	-
<b>TOTAL SOURCES</b>	<b>100.0%</b>	<b>\$5,935.3 M</b>	<b>0.9</b>	<b>18.1</b>	<b>27.5</b>	<b>45.4</b>	<b>51.5</b>	<b>69.9</b>	<b>249.9</b>	<b>482.0</b>	<b>670.0</b>	<b>901.2</b>	<b>851.1</b>	<b>877.2</b>	<b>814.6</b>	<b>630.8</b>	<b>245.3</b>

## 6.2 Steps to Securing Anticipated Funding Commitments

Several of the funding sources discussed in Chapter 5 and Section 6.1 are not yet committed sources of funding for the IBR program and require a series of next steps to secure. This section outlines these steps for securing funding from the following sources of funds:

- Oregon \$1 billion funding contribution.
- Toll authorization in Washington State to solidify a toll funding commitment.
- Federal discretionary grant funding.

Note that some of the anticipated or prospective funding sources also require the consideration of the financing mechanisms described in Section 5.3, which may also add to the next steps in solidifying funding commitments.

### 6.2.1 State Funding Contributions

During the ongoing 2023 legislative session in Oregon, a \$1.0 billion contribution is being considered to match the \$1.0 billion commitment in the MAW legislation from 2022.

To the extent possible, state funding should recognize the multimodal nature of the IBR program and allow flexibility in how at least a portion of the new funds are used in the program for both highway and transit elements. As funding sources and aging of both states funding contributions are determined, it may also be important to consider the non-federal matching requirements of the three major federal grant programs for which the IBR program plans to be applying in 2023 (detailed in Sections 5.1.2 and 5.1.3).

### 6.2.2 Toll-Related Legislation

Oregon and Washington have different policies and procedures for establishing highway tolls.

As part of establishing the Oregon Toll Program, the Oregon Legislature has already put in place the authorization to toll and bond against toll revenues. The OTC, composed of individuals appointed by the governor, is empowered with the approval of tollways and the rate-setting on these facilities within the state. The Toll Program Fund was established by the Oregon Legislature via [HB 3055](#)<sup>29</sup> to segregate toll revenues within the Oregon State Highway Fund and allow them to be separated into individual tollway accounts or pooled across the system of Oregon Toll Program tollways for purposes of meeting financial obligations including debt service. While tolling on the IBR program is already authorized in Oregon, agreements between the states will be required to detail how toll revenue will be shared and to document other toll-related operational expectations and procedures. Additional legislation may be needed to enable aspects of these agreements, such as toll bond authorization.

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<sup>29</sup> Oregon State Legislature HB 3055, Section 136, September 2021.

In Washington, the legislature holds the power to authorize all tolled roadway facilities, but it leaves toll rate-setting to the WSTC. Each toll facility has its own account. Toll financing, including debt repayment, is handled on a project-by-project basis regardless of whether tolls are directly pledged to debt service or used to reimburse the motor vehicle fuel tax fund. The Washington Legislature must pass legislation providing toll authorization for the IBR facility before toll funding for the Columbia River bridges can be considered committed.

Once tolling on the IBR facility is authorized in both states, WSDOT and ODOT will be in a position to obtain federal permission to toll the Interstate Bridge from FHWA under the provisions of [Title 23 of the U.S. Code, Section 129](#).

### 6.2.3 Federal Grant Applications

This year, the IBR program plans to apply for several federal discretionary grants:

- USDOT Mega Program: a notice of funding opportunity is anticipated in spring 2023.
- FHWA Bridge Investment Program: a notice of funding opportunity is anticipated in summer 2023.
- FTA Capital Investment Grant Program: the IBR program plans to submit materials to enter the Project Development phase of the New Starts process in summer 2023.

Successfully securing the maximum federal grant funding possible requires a sound, feasible financial plan demonstrating that both states have taken the necessary actions to fully commit all other funding sources, including state and toll funding. Funding awards from these federal discretionary grant programs will be highly competitive and award decisions will hinge on the strength of the financial plan submitted in the application process, among other selection criteria.

### 6.2.4 Federal Financing Mechanisms

As the IBR program financial plan continues to develop, additional consideration of federal financing in the form of TIFIA or GANs will be included based upon the direction of the two states and their financial advisors.



## 7. 2023 FINANCIAL PLAN FINDINGS AND NEXT STEPS

This 2023 IBR Financial Plan presents a snapshot in time and will be updated iteratively per state and federal requirements as the IBR program team advances the design and refines the cost estimates alongside the availability of new information regarding funding options for capital and operations and maintenance. At this stage, the IBR program has established the budgetary, post-mitigation risk-loaded cost target of **\$5.935 billion (YOES)** and has assembled this financial plan around this value. To achieve this level of funding, the IBR program will seek funding from both states, the federal government, and tolling in the following amounts:

- Existing State Funding (**\$197.7 million committed**).
- MAW Funding (**\$1 billion committed**).
- Oregon Funding Contribution (**\$1 billion anticipated**).
- Toll Funding (**\$1.237 billion anticipated**).
- Federal Competitive Grants (**\$2.5 billion prospective**, of which **\$1 million is committed**).

The next steps for solidifying these funding commitments for the IBR program involve:

- **State Funding Contributions:** ODOT will coordinate with the Oregon Legislature during the 2023 Legislative Session to determine the best path forward to fund as they consider a \$1.0 billion funding commitment to match the \$1.0 billion commitment from Washington State in 2022. In addition to fully solidifying these amounts as committed, the flexibility of the underlying revenue sources for the state funding and aging for these commitments are important to meeting non-federal matching requirements of the three major federal grant programs for which the IBR program plans to be applying in 2023.
- **Toll Authorization Legislation:** For USDOT to consider the toll funding as committed, the Washington Legislature must pass toll authorization legislation as has been provided in Oregon. Both states will continue to coordinate to determine how toll revenues will be collected and shared between the two states. Additional legislation may be needed to enable certain aspects of bi-state agreements related to revenue collection, management, and sharing.
- **Federal Grant Applications:** The IBR program plans to apply to the USDOT Mega and FHWA BIP discretionary grant programs in 2023 and submit materials to enter the FTA CIG Project Development phase. Maximizing the likelihood and size of grant awards from these highly competitive federal programs entails securing commitments for all other capital funding sources to demonstrate a sound, feasible financial plan, among satisfying other applicant selection criteria.