



Interstate  
**BRIDGE**  
*Replacement Program*



# Equity Advisory Group

January 23, 2023

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# Reminders

- ▶ We encourage EAG members to turn on your video.
- ▶ Please say your name when you begin to speak.
- ▶ If you experience technical difficulties, please contact program staff at: **(360) 329-6744**

# Public Input Instructions

- ▶ There will be an opportunity to provide brief public input later in the meeting today.
- ▶ To submit input after the meeting:
  - Email comments to [info@interstatebridge.org](mailto:info@interstatebridge.org) with “EAG Public Comment” in the subject line
  - Call 888-503-6735 and state “EAG Public Comment” in your message



# Today's agenda

- ▶ Icebreaker
- ▶ Program Administrator Update
- ▶ IBR Cost Estimate
- ▶ Key Performance Indicators
- ▶ Public comment
- ▶ Close out



# Icebreaker

# Icebreaker

- ▶ Name + pronouns
- ▶ Affiliation
- ▶ What is something you couldn't go a week without?

# Program Update

Greg Johnson, Program Administrator

# IBR Cost Estimate and Financial Plan Process

Frank Green, Assistant Program Administrator

# IBR Program Estimate

- ▶ **A conceptual IBR cost estimate was developed in 2020 with the high end at \$4.8 B**
  - This estimate was intended to cover various bridge replacement options
  - The 2020 estimate was developed by applying inflation to previous CRC estimates and was based only on the scope of the CRC project
- ▶ **The 2022 IBR program cost estimate is based on the recently identified Modified Locally Preferred Alternative and includes estimates for the various project components in year of expenditure**
  - This estimate relies on the current scope, which has changed from the scope of the CRC project, and updated inflation assumptions

# Process to Develop the IBR Cost Estimate

- ▶ **A Cost Estimate Validation Process (CEVP) was recently completed to provide independent review and validation of project cost and schedule estimates**
  - CEVP is an estimation process that analyzes project risks to quantify the impacts and possible mitigation strategies to better limit the impacts of costs and/or delays
- ▶ **The CEVP process identifies potential risks as well as opportunities. Examples include:**
  - Potential schedule delays and associated inflation
  - Availability of materials and labor
  - Continued uncertainty in market conditions
  - Securing federal funding
  - Tolling

# Building Blocks of the Cost Estimate



## Updated Cost Estimate

- + Base Cost
- + Range of Identified Project-Specific Risks
- + Inflation (Year of Expenditure)



## Updated Cost Estimate

## What is included:

### Modified Locally Preferred Alternative Components:

- ▶ Replacement bridge over the Columbia River
- ▶ Replacement of the North Portland Harbor Bridge
- ▶ One auxiliary lane southbound and northbound
- ▶ Extension of light rail from Portland to Vancouver, with the addition of three new station locations
- ▶ Partial interchange on Hayden Island
- ▶ Full interchange on Marine Drive
- ▶ Access bridge from Hayden Island to Marine Drive

# Changes in scope since the previous project:

- ▶ 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 the partial interchange on Hayden Island
- ▶ Fewer park and rides, and stations for transit
- ▶ Addition of transit vehicle overnight facility at Expo
- ▶ One auxiliary lane
- ▶ Bus on shoulder and Express Buses included

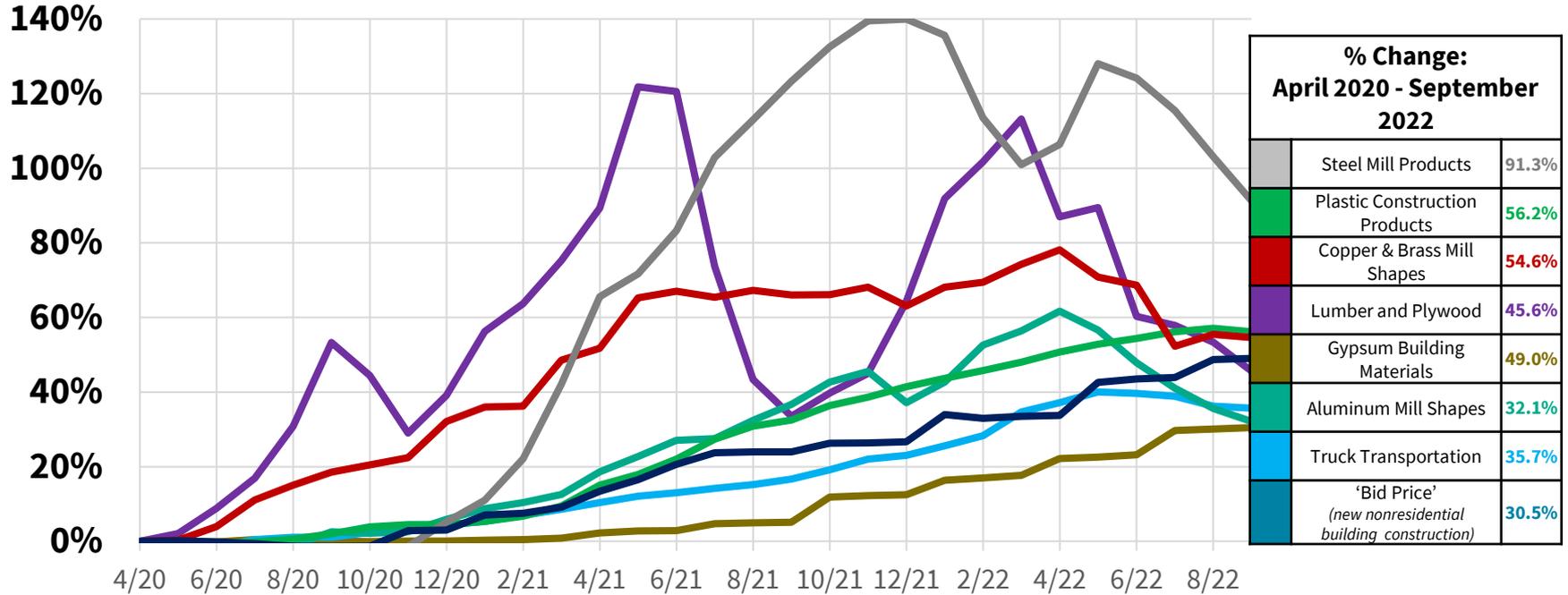
# 2022 CEVP Results

- ▶ **The base estimate range is from \$5 B - \$7.5 B**
  - The most likely cost is approximately \$6 billion.
  - This was calculated using CEVP to actively manage risks
- ▶ **Base Modified Locally Preferred Alternative scenario:**
  - One auxiliary lane in each direction
  - LRT – Direct Fixation Track (rather than embedded track)
  - LRT – At-Grade Evergreen Station

# Cost escalation factors

- ▶ Historically high inflation rates
- ▶ Workforce shortages
- ▶ Potential competition among regional construction projects
- ▶ Materials costs increases
- ▶ Availability due to global supply chain
- ▶ Other market conditions

# Construction Material Cost Trends



Source: Bureau of Labor Statistics, producer price indexes, [www.bls.gov/ppi](http://www.bls.gov/ppi)

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# Proposed Funding Sources

## ► Cost Estimate: \$5 B - \$7.5 B (Most likely \$6 B\*)

\*Assuming base scenario with actively mitigated risks

Source	Amount in Millions of Dollars
Existing State Funding	\$100 M
Connecting WA Funding—Mill Plain Interchange	\$98 M
Move Ahead WA Funding	\$1,000 M
Anticipated Oregon Funding	\$1,000 M
Toll Funding	\$1,250 – 1,600 M <sup>1</sup>
Federal Grants	\$860 – 1,600 M <sup>2</sup>
FTA New Starts CIG Funding	\$900 – 1,100 M
<b>Anticipated Total</b>	<b>\$5,208 – 6,498 M</b>

<sup>1</sup> This range is consistent with CRC toll funding estimates. A Level 2 toll traffic and revenue study for IBR is underway and will be reviewed by both states. This range is a placeholder until spring 2023.

<sup>2</sup> Federal grant funding is unknown but being actively pursued. The top of this range is optimistic. The range will be refined as more information becomes available. Includes \$1M FHWA BIP grant already received.



# Why Economic Impact Analysis (EIA)?

- ▶ EIA answers “What ‘bang for the buck’ do we get for investing in the I-5 IBR program?”
  - How will IBR construction affect our bi-state regional income?
  - How many jobs will IBR create?
  - What IBR aspects and funding sources have greater economic impacts?
- ▶ Assess “if not for project” **net economic impacts**
  - Estimate the minimum net impacts using portion of the project funding originating outside region that is uniquely tied to the IBR, i.e., anticipated discretionary federal funding
  - Represent the minimum impacts attributable to the project (local/regional funds spent on non-infrastructure investment may yield lower return and some tolls paid will originate from other states)



# EIA Impacts

## DIRECT IMPACT

IBR construction, which involves employing engineers, construction workers, and others involved in delivering the project.



IBR Construction

These purchases represent the **direct** economic impact of the IBR construction.

## INDIRECT IMPACT

Construction contractors purchase raw materials and equipment, and hire transportation and logistics companies for deliveries. These input supplier and service firms employ additional workers who are paid wages and salaries.



Raw Materials and Equipment Suppliers

Delivery Service

These purchases are **indirect** economic impacts of the IBR construction.

## TERTIARY IMPACT

Earnings from the construction workers as well as input supplier and delivery service workers are spent on consumer goods and services in the local economy, generating additional economic activity, jobs, and earnings across all economic sectors.



These purchases are **tertiary** economic impacts because they are the result of a ripple effect through the entire community.

# IBR Draft Economic Impacts

## ▶ Total economic activity:

- Direct project expenditures (Project Cost): **\$6.0 B**
- Total gross economic activity: **\$11.7 B**
- Minimum net new economic activity: **\$3.8 B\***

## ▶ Total employment (person-year jobs):

- Direct project construction employment: **18,900**
- Total gross employment: **43,700**
- Minimum net new employment: **14,400\***

## ▶ As the IBR scope and cost estimates are refined, we will continue to update the EIA analysis



*\* Minimum net values capture the effects attributed to anticipated federal discretionary grants that without the IBR would not be received and expended locally*

# Upcoming Work

- ▶ **Continually update and refine project cost estimates and assess project budgets**
- ▶ **Program work to mitigate program risks and incorporate cost savings opportunities**
  - The CEVP process identified high value places where the program will focus attention to minimize cost increase risks and maximize cost decrease opportunities.  
Examples:
    - *Some cost increase risks include:*
      - Completing NEPA and obtaining environmental approvals including NEPA and/or permits
      - Possible legal challenges of program environmental process
      - Delay in state matching funds
      - Scope changes
      - Unknown or uncertain conditions in the field during construction
    - *Some cost savings opportunities include:*
      - Value engineering
      - Design innovations
      - Project component design refinement

# Next Steps

- ▶ **The IBR cost estimate sets the foundation for the full Financial Plan**
  - Financial Plan will include additional detail on estimated funding sources and finance approach, anticipated in early 2023
- ▶ **The program is currently working on the Level 2 Toll Traffic & Revenue Study which will provide more information**
- ▶ **Controlling costs for mega projects is a dynamic process**
  - As work progresses, the program will follow best practices to help identify and address cost escalation risks, opportunities, and other financial considerations
- ▶ **The program will continue to share updates on cost and financial planning matters with legislators, stakeholders, and the community as part of the effort to ensure fiscal transparency and accountability**

# Discussion Questions -

- ▶ **What questions / clarifications do you have?**
  
- ▶ **How would you recommend the program share this information with the public?**



# Key Performance Indicators

Jake Warr, Equity Lead

# Public comment

# Comment Instructions

## To make a verbal comment:

- ▶ To make a live comment via phone, dial: 253-215-8782
- ▶ Meeting ID: 986 0940 5983
  - ▶ Passcode: 701376
- ▶ Dial \*9 to raise your hand
- ▶ The facilitator will call on participants to provide comment
- ▶ Dial \*6 to unmute yourself
- ▶ Please provide your name and affiliation.
- ▶ Commenters will be given 2 minutes to speak.

**If we run out of time and you have not had a chance to speak, you can still provide comments after the meeting.**



# Comment Instructions

## To submit comment after the meeting:



- ▶ Fill out the comment form on the program website or email your comments to [info@interstatebridge.org](mailto:info@interstatebridge.org) with “EAG Public Comment” in the subject line.



- ▶ Call **888-503-6735** and state “EAG Public Comment” in your message.
- ▶ Written comments need to explicitly say “**EAG Public Comment**” in the subject line or in the body of the message for them to be identified and distributed to EAG members.
- ▶ All written comments must be received prior to 48 hours in advance of each upcoming meeting in order to be distributed to advisory group members. Comments received after that point will be distributed to members in advance of their next meeting.

# Wrap up

- Takeaways
- Meeting evaluation
- Next meeting: February 27<sup>th</sup>, 5:30 pm – 7:30 pm



Thank you!