

Cost Estimate Update

The cost estimate and financial plan update represents the next steps in replacing the Interstate Bridge with a modern, earthquake resilient, multimodal structure that will improve safety and keep people - and our economy - moving into our future. With the adoption of the Modified Locally Preferred Alternative (LPA) further clarity is now available into program elements and cost drivers. Current market conditions including recent inflation, workforce availability, material costs and supply chain disruptions are also factored into this update. The cost estimate has been validated through a detailed risk and estimation process to reflect a range of risk impacts and possible mitigation strategies.

Background

A preliminary cost estimate range was identified in 2020 based on the previous planning effort (Columbia River Crossing). The preliminary cost estimate adjusted for known changes and cost escalation for the projected year of expenditure. The preliminary cost estimate identified in the Conceptual Financial Plan was \$3.2 to \$4.8 billion.

Updated Cost Estimate

A new cost estimate has been developed and reflects the current, endorsed LPA components and current market conditions. **It also accounts for potential risks and opportunities**, and expenditures for construction of the replacement bridge and facilities, occurring between 2025-2035. The new cost estimate range is \$5 - \$7.5 billion.

Program elements that have been included in the updated cost estimate that were not part of previous estimates are:

- ▶ Replacement of the North Portland Harbor Bridge
- ▶ A braided ramp at Marine Drive and new arterial bridge between Hayden Island and North Portland
- ▶ Light rail traveling on an elevated structure adjacent to I-5 in Vancouver
- ▶ An elevated transit station near the Vancouver Waterfront



Updated Cost Estimate

- \$ Base Cost
- + Range of Identified Project-Specific Risks
- + Inflation (Year of Expenditure): 2025-2035

\$ \$6 billion*

*Includes risks and opportunities, and assumes a likelihood of 60% that all identified risks and delays occur.

Planning for Uncertainty

Risks in the cost estimation process can be associated with unexpected cost escalation of materials or labor, inflation, schedule delays, and unplanned events or findings during construction. National and regional construction projects have seen unprecedented cost increases due to the effects of unanticipated construction interruptions, highly competitive, saturated market conditions, labor shortages, and historically high inflation rates.

A Cost Estimate Validation Process (CEVP) was recently completed to provide independent review and validation of project cost and schedule estimates.



Planning (continued)

A CEVP is an estimation process that analyzes risks specific to the project to quantify the impacts and possible mitigation strategies in seeking to limit the impacts of costs and or delays.

Cost risks identified for the IBR program are primarily tied to possible schedule delays, although market uncertainties, changes during construction, and design modifications can all pose a risk to cost escalation.

Some specific risks identified in the CVEP include:

- ▶ Possible legal challenges of program environmental process
- ▶ In-water work complexities during bridge construction
- ▶ Delay in state matching funds

Updated Financial Plan

The updated Financial Plan will include additional details on estimated costs, funding sources and the finance approach.

The program continues to anticipate funding from three key funding sources:

- ▶ **Federal Grants and Discretionary Funding**
 - Pursuing \$1.5 to \$2.5 billion federal grant funding available through Federal Highway Administration (FHWA) Bridge Investment Program, U.S. Department of Transportation (USDOT) Mega Program, and Federal Transit Administration (FTA) Capital Investments Program
 - Additionally, the program will explore other federal grant opportunities available through USDOT and FHWA
- ▶ **State Contributions**
 - Washington Contribution: \$1 billion (dedicated through 2022 Move Ahead Washington package)
 - Pursuing Oregon Contribution: \$1 billion (discussions expected to occur during the 2023 legislative session)
- ▶ **Toll Funding**
 - \$1.25-1.6B anticipated revenue from tolling. Additional tolling and revenue analysis is being completed to confirm these estimates
 - Oregon and Washington transportation commissions have toll rate setting authority; tolling will be implemented through a bi-state process
 - Toll revenue collected on the facility will be dedicated to the Interstate Bridge

The Benefits in Acting NOW:

- ▶ Replacing the bridge with a modern, earthquake resilient, multimodal structure will improve safety and keep people—and our economy—moving into the future.
- ▶ With the recent passage of a historic federal infrastructure package, **our region has a once in a generation opportunity to receive an infusion of potentially billions of dollars of federal funds through the IBR project.** These funds are highly competitive, and if not spent in our region, they will go to other infrastructure projects in the U.S.
- ▶ **Tens of thousands of jobs across multiple industries will be generated during the construction period – benefiting workers, local businesses, and families.**

The Cost of Doing Nothing:

- ▶ **\$71 million in freight commodity value crossed the Interstate Bridge daily** in 2017. Congestion and bridge lifts slow down freight carrying goods along I-5.
- ▶ **The current bridge costs \$1.2 million per year to operate and maintain** and will require an estimated \$270 million in capital maintenance by 2040. This does not include the cost of seismic retrofit.
- ▶ **Delayed state and local funding contributions could disrupt the construction timeline** and trigger a series of missed federal funding grant opportunities.
- ▶ **Every year that we wait to fix the bridge, the costs increase.** Inflation alone has caused a substantial cost increase since previous replacement efforts.

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