



Oregon

Tina Kotek, Governor

Oregon Transportation Commission

Office of the Director, MS 11

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DATE: July 22, 2025

TO: Oregon Transportation Commission

FROM: Kristopher W. Strickler
Director

SUBJECT: Agenda Item F – I-5 Rose Quarter Improvement Project Update

Requested Action:

Receive an update on the I-5 Rose Quarter Improvement Project funding and project development progress. Discuss and provide direction on next steps.

Project Background:

In 2017, the Oregon Legislature passed House Bill 2017, a transformative investment in Oregon's transportation system. The bill outlined projects and funding for ODOT to reduce congestion in the Portland metro area and make it easier and safer to bike, walk, drive and take transit. The I-5 Rose Quarter Improvement Project was a part of this effort. House Bill 2017 directed ODOT to address congestion and safety on the 1.8-mile stretch of Interstate 5 at the Rose Quarter. This project represents a generational opportunity to make a positive impact on the community harmed by the original construction of I-5. Working with the community and local partners has helped ODOT design a project that best meets the community vision to reconnect lower Albina and improve safety and traffic flow.

ODOT has advanced its commitment to the Oregon Legislature to deliver the I-5 Rose Quarter project by developing the first construction work package, Phase 1A, scheduled to begin construction in 2025. In 2024 ODOT received a \$450 million Neighborhood Access and Equity grant from FHWA (under the banner of the Reconnecting Communities and Neighborhoods program). To date, \$37.5M in funding has been obligated from the grant for preliminary engineering on Phase 1 of the project and for utilities relocation. The federal budget reconciliation act recently signed into law by President Trump includes language to rescind unobligated balances of awarded grants under the Neighborhood Access and Equity Grant Program. Earlier this month, ODOT was notified that any unobligated funds from the federal reconnecting communities grant would no longer be available to successful grant awardees. This reduction in available funding impacts the program finance plan and warrants discussion with the commission.

Available Funding:

With the \$412.5M of unobligated RCN funds being rescinded, the Rose Quarter has \$449.9 million in total funding available, with \$146.8 million spent. The following funds remain for the following purposes:

- \$51.3M in Professional Engineering (PE) funds, currently planned for Broadway Weidler Phase 1 readiness, including \$30M from the NAE grant.
- \$30.3M in Right-of-Way funds from HB 2017 currently planned for acquisition in advance of Broadway/Weidler construction.
- \$9M in Utility relocation/other funds – Upon purchase of a ROW parcel, utility relocation phase funds would be utilized to relocate city of Portland water and sewer in advance of the future Broadway/Weidler construction. This includes \$7.5M from the NAE grant.
- \$75M for construction of Phase 1A (\$5M federal and \$70M HB 2017).
- \$137.5M for construction of Phase 1 from HB 2017.

	Federal/ State/Local	HB 2017 UMS	RCN Grant	Total	Expended	Balance
PE	\$27,391,997	\$140,000,000	\$30,000,000	\$197,391,997	\$146,110,076	\$51,281,921
Right of Way		\$31,000,000		\$31,000,000	\$730,006	\$30,269,994
Utilities/ Other		\$1,500,000	\$7,500,000	\$9,000,000		\$9,000,000
Phase 1A Construction	\$5,000,000	\$70,000,000		\$75,000,000		\$75,000,000
Phase 1 Construction		\$137,500,000		\$137,500,000		\$137,500,000
Total	\$32,391,997	\$380,000,000	\$37,500,000	\$449,891,997	\$146,840,082	\$303,051,915

Phase 1A – Current status:

Based on previous commission action, on July 24, 2025, ODOT plans to issue the Notice to Proceed for construction on Phase 1A, which will begin construction in August 2025 and conclude Fall 2026. Phase 1A is shovel-ready and will result in improvements to the I-5 corridor required both for the I-5 Rose Quarter Improvement Project and to address deferred I-5 maintenance that has been transitioned to the program for delivery.

Phase 1A is primarily deferred maintenance and stormwater but is also a critical starting point for the project. It improves safety with bridge rail retrofits; meets ODOT's commitment to the Portland Harbor Settlement Agreement by constructing needed stormwater treatment facilities for highway runoff to the Willamette River; roadway asphalt paving and lighting, signing and pavement markings and builds the southern portion of the southbound auxiliary lane between I-84 and the Morrison Bridge This phase provides independent utility without being dependent on the remainder of the project to proceed and

allows for critical construction needs to begin while awaiting future funding opportunities for the entirety of the project. Phase 1A does not rely on NAE funding for construction.

Options for Discussion:

Proceed as planned:

This option would move forward with Phase 1A construction and continue designing Broadway Weidler Phase 1 using the \$30M obligated NAE funds. It would also evaluate what can be built with the \$147.5M of state funding including potential construction of the NB I-5 auxiliary lane between I-84 and the Weidler Road ramp for safety and operational improvements which plans are close to the 90% design level; continue assessing cost reduction concepts to bring the total project budget within the \$1.5B to \$1.9B range, per commitment at the May OTC meeting.

Pause to evaluate next steps:

Pause and re-evaluate the project and determine if there is an opportunity to redesign the project in a way that reduces the cost, while still meeting the transportation safety, connectivity and growth needs of our state. Although the scope of work identified in Phase 1A is required and funded with State Highway Funds, at this time there isn't sufficient funding to complete Phase 1 with the recent rescission of the NAE grant. This path has the potential to trigger additional NEPA analysis, additional design and construction cost, and increases the delivery timeline of the project. A year or more delay in construction will increase the cost of the work in Phase 1A, which will have to be done at some point whether done as part of the Rose Quarter program or not. In addition, cost impacts will be realized if we pause at this late point:

- The Hamilton-Sundt Joint Venture has already purchased the various bonds and insurance for Phase 1A. The contractor may be entitled to full reimbursement for this expense (between \$3M and \$3.5M).
- The existing bridge deck is deteriorating, and the deck overlay is already overdue. Further delays will likely result in a full deck replacement at a much higher cost and greater impact on the traveling public compared to the structural overlay that is currently in Phase 1A.
- Failure to construct stormwater facilities under I-405 may place ODOT in violation of the US EPA Portland Harbor Settlement Agreement.

Summary:

ODOT seeks direction from the OTC on next steps.