



Connect Oregon 2021

Frequently Asked Questions

August 16, 2021

For more information about Connect Oregon visit:
<http://www.oregon.gov/ODOT/TD/TP/pages/connector.aspx>

1. General Information

a. What is Connect Oregon?

Connect Oregon is a privilege tax funded grant initiative to invest in air, rail, and marine infrastructure to ensure Oregon's transportation system is strong, diverse, and efficient and supports state and local government efforts to attract new businesses in Oregon or keeps and encourages expansion of existing businesses. Public, private, and non-profit entities are able to apply for grants of up to 70% of project costs (50% of project costs with Class I Railroads).

Connect Oregon funds "transportation projects" which per statute means a project or undertaking for rail, marine or aviation capital infrastructure, including bridges, or a project that facilitates the transportation of materials, animals or people.

b. What is new for Connect Oregon 2021?

There are a few changes for this cycle of funding:

- Connect Oregon 2021 has approximately \$46 million available for distribution.
- Privilege tax is now a dedicated source of funds; previously had all been lottery bonds.
- Transit and Pedestrian/Bicycle are no longer eligible modes.
- No minimum share of awards (previously 10%) have to go to each region.
- Applicant match is now 50% for Class I railroads, 30% for all other modes.
- OTC can utilize answers to equity and climate change additional considerations questions to help break ties in the cases of projects that are close in score.

There seven considerations used when selecting Connect Oregon 2021 projects. Below are the seven from the [Administrative Rules](#), with the new or changed language bolded.

(9) The Commission will consider all of the following factors in making its decision to award funding for eligible projects from the Connect Oregon Fund:

- A. Whether a proposed project reduces transportation costs for Oregon businesses or improves access to jobs and sources of labor.
- B. Whether a proposed transportation project results in an economic benefit to this state.
- C. Whether a proposed project is a critical link connecting elements of Oregon's transportation system that will measurably improve utilization and efficiency of the system.
- D. Whether the proportion of the cost of a proposed project that is borne by the Applicant or contributed from any other source other than the Connect Oregon Fund.
- E. Whether a proposed transportation project is ready for construction.

A project will be considered ready for construction if the Applicant can demonstrate that:

- a. Community engagement/outreach has occurred prior to or at the time of application submission.
 - b. Project completion can be achieved within 3 years of the award of the grant by submitting a project schedule that includes project stages and dates of major milestones.
 - c. Matching funds have been secured 30 calendar days before the Commission's decision to award funds.
 - d. Site ownership or control is secured 30 calendar days before the Commission's decision to award funds.
 - e. Final land use actions necessary to support the proposed project have been approved by the local government 60 calendar days before the Commission's decision to award funds.
 - f. Limited Land Use Decision rendered by the appropriate local government received within 6 months of execution of Agreement.
 - g. Securing all permits needed for construction within nine months of execution of an Agreement.
- F. Whether a proposed transportation project has a useful life expectancy that offers maximum benefit to the state.
- G. Whether a proposed transportation project is located near operations conducted for mining aggregate or processing aggregate as described in ORS 215.213 (2)(d) or 215.283 (2)(b).

Applicants will be required to submit the following forms. Failure to submit these items will result in disqualification.

- Tax Declaration Form
- Department of Revenue Tax Certification

Administrative rules specific to Connect Oregon 2021 have been updated and adopted by the OTC to respond to the statutory changes.

2. Communications and Outreach

How can I get information on Connect Oregon and stay up to date on the program?

The [Connect Oregon web site](#), will contain up-to-date information about the program. Signing up for the State of Oregon's [Gov Delivery service](#) will allow interested parties to receive program updates as well as other ODOT initiatives or projects.

3. Key Terms

Life Expectancy ORS 367.084(3)(f)

Whether a proposed transportation project has a useful **life expectancy** that offers **maximum benefit** to the state.

This consideration has two elements: (a) a project's realistically expected useful life and, (b) the project's benefit to the state. Scoring for this consideration will be based on a ratio of the useful

expected life of the main element of a project. Scoring calculations for this consideration can be found in Appendix A- of the *Instructions for Reviewers*.

The aforementioned definition and scoring calculation is put forth based on legislative guidance and discussions with the Oregon Transportation Commission.

Match ORS 367.082(3)(b)

Applicants must provide at least 30% match of their own monies towards a project (50% for Class I railroads). Below are some common items of interest for Connect Oregon applicants.

- 1) Applicant match funds can derive from any source including local, state, federal, and private funds.
- 2) An applicant does not have to demonstrate that they have 30 percent of the project costs in cash up front or in a bank account at the time of application, only that it will be available when needed such as when necessary to pay contractors.
- 3) Project costs that were paid for by the applicant prior to the *Agreement* effective date can be used as part of the match provided they are relevant to the project. Funds spent prior to the *Agreement* effective date are not eligible for reimbursement.
- 4) "Value" of an item (e.g. land or special equipment) is not part of the match. The applicant's actual out-of-pocket payment to purchase the land or buy/rent the special equipment can be part of the match and must be specified in the application. For example, a previously purchased parcel of land is eligible only at the actual cash outlay made by the applicant. The value of the land today is not eligible.
- 5) Project elements that are donated to the applicant, such as right-of-way, land, equipment (even if the donation was done to benefit the project) will not be accepted as applicant match. Donations are considered an in-kind contribution, not "moneys".
- 6) If an applicant has a monetary outlay for something that is required for the transportation project, then that payment can count towards the 30 percent match.
- 7) Match funds must come directly from the applicant. Match provided by another party or partner must be transferred to the applicant to count as match.

Readiness ORS 367.084(3)(e)

In reviewing and scoring Connect Oregon applications staff uses information available to determine whether projects are able to begin generally in a reasonable timeframe. Additionally, Connect Oregon is available to applicants with varying staffing and technical expertise. Inasmuch, staff will review and score applications with the following definition in mind:

Whether a Project is ready to begin elements of work necessary to commence with construction in a reasonable timeframe.

The following considerations, in addition to others, are used by staff when scoring project readiness:

- Permitting
- Match financing
- Plan inclusion where necessary
- Land use approval
- Applicant capacity

Transportation Project ORS 367.080(1)(b)

ORS 367.080 (1)(c)(A) "Transportation project" means a project or undertaking for rail, marine or aviation capital infrastructure, including bridges, or a project that facilitates the transportation of materials, animals or people. (B) A transportation project does not include costs associated with operating expenses.

4. Project Eligibility and Types

a. What types of projects are eligible?

Connect Oregon is designed to allow for a diverse project type. The following items are required for a project to be eligible.

- The project must meet the definition of "Transportation Project" for Connect Oregon as noted in Section 3 above.
- Projects that are eligible for funding from revenues described in section 3a, Article IX of the Oregon Constitution, the Highway Trust Fund (fuel and motor vehicle tax), are not eligible for Connect Oregon funding. This means projects for roadways, sidewalks, curbs, etc. that are for movement of motor vehicles are not eligible to receive Connect Oregon funds.
- The project will not require continued subsidies from ODOT.

b. Who is eligible to apply?

Public, private and non-profit entities within Oregon that have sufficient financial and management capacity to complete the requested project are eligible. Applicants must also certify that they are current on all applicable taxes and fees to remain eligible.

c. May an applicant submit multiple project applications?

Yes – There are no limits on the number of applications a single applicant can submit. Please note that in the past three competitive rounds there was only one instance of the OTC awarding funding to two projects for a single entity. In this case, the two projects were entirely separate and fell under two different modes.

d. Can applicants submit projects that are not yet fully funded?

Yes. However, failure to have a plan of funding appropriate for the project timelines will likely result in a lower score for "readiness" (consideration e). During the project selection process, staff and review committees will consider whether a project is "ready" to begin work and will take into considerations the applicant's likeliness of obtaining match funds.

e. What happens if I do not complete and submit the tax declaration and Department of Revenue Tax Certification?

Failure to submit the appropriate tax forms will deem an application incomplete and will exclude it from being considered further.

f. What is the extent to which a project can include aspects other than construction of physical improvements?

Projects may not include costs associated with operations. Otherwise, there is no limitation concerning the extent to which a project can include aspects other than construction of physical improvements. Projects may be a combination of real estate, capital infrastructure, capital equipment, professional services (e.g. architectural and engineering services), or other expenditures. Non-capital project expenditures are not prohibited, but it is generally not considered good practice to fund non-capital assets or services with grant awards.

g. Are projects that are physically located outside the state eligible?

Yes, if the project will provide an economic benefit to Oregon and the applicant is an Oregon entity.

h. What level of design has to be completed prior to application submittal?

Zero. The application includes a detailed checklist that covers the applicant's planning efforts and a mode-specific budget form that must be included. Applicants should keep in mind that construction readiness is one of the review considerations and that not having started design may negatively impact their "readiness" (consideration e) score. Applicants should demonstrate they have the knowledge and management ability to complete the project and that the project concept is feasible. Stated milestones are included in the grant agreement and recipients will be held accountable to the timelines agreed upon.

i. Are there questions in the application that do not apply to all situations?

Yes. There may be some questions that do not apply to all projects. Applicants should answer all of the questions to the best of their abilities. However, if an item does not apply N/A should be used.

k. What is the minimum and maximum dollar amounts that I can request?

There are no minimum or maximum dollar amounts for grant requests. However, the largest grant awarded under Connect Oregon VI was \$8.3 million; the smallest grant was \$25,000; and the average was \$1.6 million.

5. Application Process**a. What process will be used to submit a project for Connect Oregon 2021 funding?**

All project applications will be submitted to ODOT via an online application portal that will be made available on the program website. **The application period for Connect Oregon 2021 opens September 15, 2021 and closes October 29, 2021.** Further information is contained in the *Application Instructions*.

b. Will ODOT assist applicants in the project submission process?

No. ODOT will not provide assistance to applicants since ODOT is administering the project selection process. Applicants are encouraged to engage with architects, engineers, construction managers and other professionals necessary to construct their project to ensure that the scope and cost estimates in the application are as accurate as possible.

c. Who should letters of support be addressed to?

Letters of support should be addressed to the project applicant. Letters of support and letters of intent to use the project are specifically requested in the project application.

ODOT staff will not provide letters of support to project applicants. However, when ODOT permits or right-of-way actions are necessary for projects, ODOT staff can work with applicants to determine appropriate costs, timelines, etc.

6. Project Selection**a. What process will be used to select a project for Connect Oregon 2021 funding?**

The process is outlined in the *Instructions for Reviewers* document found on the Connect Oregon website. Applicants should review this document to understand specifically how staff and committees will score and rank projects.

b. Is there a specific amount of funding set aside for regions or modes?

No. In previous competitive rounds there was a minimum allocation to each region. Prior to this round that requirement was removed, however the OTC may still consider regional share when selecting the final list of projects. Projects are selected through the joint regional and modal review process with the best interest of the state in mind. There is not a set aside for any specific mode.

c. When will projects be selected?

ODOT anticipates that the OTC will approve a list of projects for funding in May 2022 or July 2022 if a second meeting is necessary.

d. What if a project provides benefits to multiple regions?

The project will be assigned to the region receiving the primary benefit.

e. How will projects from different modes be fairly compared and evaluated?

The OTC will consider the projects that are in the best interest of the state's transportation system and how will they meet the statutory considerations.

f. How will the project recommendations from groups of ACTs and the Modal Review Committees be brought before the OTC?

The ODOT Director will convene a committee composed of representatives from the Modal Review Committees and Regional Review Committees to bring all the recommendations from the various reviewers into a unified proposed list for adoption by the OTC. A public hearing will be held by the OTC to consider this "final review" committee list.

g. Are the seven considerations equally weighted?

No, **considerations a, b, and c** in 3A above were considered “strategic” by the OTC prior to Connect Oregon VI. A rulemaking advisory committee enhanced the readiness requirements given challenges with projects that received awards, but were not ready for construction so consideration e was also scored at a higher level. Staff, Modal and Regional Review Committee and Final Review Committee scoring will reflect the formulas outlined in the *Instructions to Reviewers* document. It is noted that while the OTC may approve the list of recommended projects based upon the scoring formulas utilized by the Final Review Committee, they may choose to weigh the projects differently.

h. Are joint sponsorship applications permitted?

No. While any combination of public-private, private-private, or public-public partnerships is encouraged, only one applicant will be responsible for the project. Joint applicants will need to decide amongst themselves who will be the sole applicant. The applicant will be responsible for the subsequent contract if a grant is awarded.

7. Project Funding Administration**a. If I am awarded funds will I get all the money at once?**

No. Connect Oregon is a reimbursement program. Only after recipients have expended funds will they receive reimbursement. The sample grant *Agreement* found on the Connect Oregon website provides more information regarding reimbursement requirements. Applicants should familiarize themselves with the *Agreement* to fully understand their commitment should they receive funding.

b. If my project is chosen when will funds be available to spend?

Once projects are chosen by the OTC in May or July 2022, Connect Oregon staff will begin to prepare grant agreements for each recipient. Generally, grant agreements take approximately thirty days to prepare. Since ODOT cannot reimburse recipients for funds expended prior to execution of a grant agreement, applicants should not expect to begin projects earlier than late June or August 2022 (depending on when the final determinations are made) and when *Agreements* are executed.

c. Is there a timeline in the Connect Oregon program that says when funds must be spent on awarded projects?

Yes. How soon a project can be constructed is one of the considerations the OTC will use to evaluate projects for funding, with the expectation that projects will be completed within 3 years of award. Once a project is selected, the *Agreement* with ODOT will include specific dates, based on the application. Recipients will be held accountable to the timelines in the *Agreement*. As such, applicants should carefully consider the timelines included in the grant application as they will be used when developing the *Agreement*.

8. Project Management

a. Who will manage the physical construction of the selected projects?

The applicant is responsible for constructing its project, including obtaining all required permits and approvals.

b. How are unavoidable cost overruns to be handled?

Once a project has been selected, the applicant is responsible for completing the project as proposed in the application and approved by the OTC. There is no provision for the applicant to receive additional funds if project costs are higher than estimated. The applicant will be responsible for making up any funding deficiency. If the project cannot be completed with the funds allotted, the OTC may cancel the project and award the funds to another project or another applicant. ODOT will also require previously expended funds to be repaid to the department.

c. Can an applicant request funds for cost overruns on a previous Connect Oregon project?

No. Once a project has been funded, applicants will agree to complete the entire stated project regardless of the cost. Grant recipients who don't complete a funded project will be required to reimburse ODOT for the expended funds.

d. Will elements of projects completed by private applicants as a part of a public/ private partnership be subject to the prevailing wage rate?

Yes. Each applicant, and their legal counsel, has to make prevailing wage rate determinations based on an application of the facts to the law. Prevailing wage requirements will be included in the *Agreement*. If a recipient is a non-governmental agency, ODOT will file the required paperwork for them and deduct the amount of the fee that is due off the top of the grant. Private applicants should review the Sample Draft *Agreement* at:

<http://www.oregon.gov/ODOT/TD/TP/pages/connector.aspx>

Applicants must comply with all relevant state laws, including the prevailing wage rate law, ORS 279C.800 to 279C.870, as amended by House Bill 2140 (2007). House Bill 2140 establishes a procedure to request a determination by the Commissioner of the Bureau of Labor and Industries to determine whether "a project or proposed project is or would be a public works on which payment of the prevailing wage rate is or would be required under ORS 279C.840."