



May 6, 2024

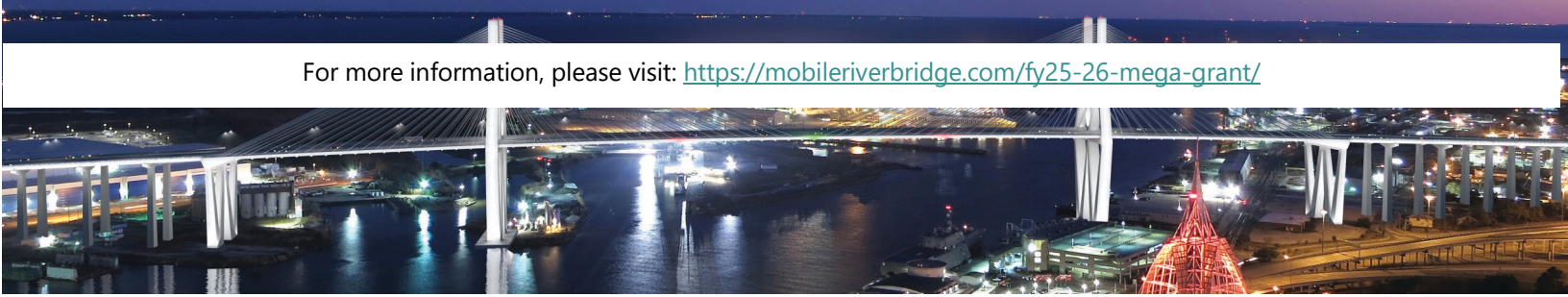
FY 2025-2026 Multimodal Project Discretionary Grant Opportunity (MPDG)



# I-10 MOBILE RIVER BRIDGE AND BAYWAY MULTIMODAL PROJECT

## Project Budget

For more information, please visit: <https://mobileriverbridge.com/fy25-26-mega-grant/>



## PROJECT BUDGET, SOURCES AND USES OF FUNDING

The project is anticipated to cost a total of \$2,860 million (in 2023 dollars), \$179 million of which has already been spent. Thus, future cost total \$2,681 million (not including financing costs, and other reserves). These anticipated costs include construction with contingency, preliminary engineering, construction engineering, change orders, right of way, utility relocation and environmental mitigation. When financing costs and other reserves are included, the total cost rises to \$3.277 million (in 2023 dollars).

FHWA conducted a Cost and Schedule Risk Assessment (CSRA) 3-day workshop with the ALDOT project development team on July 31 to August 2, 2023. The objective of the workshop was to develop an unbiased, risk-based assessment of the current cost estimate and project schedule. This assessment is required by TEA-21 for all federally funded projects in excess of \$500M. Prior to the workshop, the ALDOT team developed a project risk register that identified major cost and schedule risks. During the workshop, subject matter experts and experienced cost estimators and schedulers from ALDOT's Independent Cost Estimating (ICE) firms reviewed and refined these items with FHWA's team.

The FHWA team will provide a Final Report, which is anticipated to be completed soon and will be included as part of the project's Financial Plan. Since the results of the CSRA will not be available until after the submission of this grant application, ALDOT has incorporated some of the changes discussed in the workshop into the base estimate. Based on preliminary modeling and simulations and the incorporation of preliminary CSRA estimates, ALDOT anticipates that the final report will be in line with the cost estimate and schedule presented, and no significant change to either is expected.

### Future Eligible Costs

Future Eligible Project Costs will consist primarily of construction costs, estimated to total \$2,305 million (in 2023 dollars). These costs include the demolition of the current Bayway spans, construction of the Mobile River Bridge and Bayway spans, reconstruction/rehabilitation of the interchanges, adding ITS elements, adding bicycle and pedestrian facilities, and building out tolling infrastructure. A breakdown of the future costs by project is shown below.

The construction cost for the project includes a variable contingency based on the complexity and level of design for each component that is consistent for the stage of project development. The contingency totals to an amount of approximately \$182 Million. The complete cost estimate including the contingency breakdown can be reviewed in more detail [here](#).

**Project Budget, Sources and Uses of Funding**

**1. Mobile River Bridge and Interchanges West of County Line:**

The cable-stayed bridge and west interchanges represent 50% of the total funds, or approximately \$1,345 million.

**2. Bayway and Interchanges East of County Line:**

The Bayway and interchanges to the east represent 36% of total project funds, or \$960 million.

**Table 1: Project Costs (in millions)**

Future Costs	Costs 2023 \$M
<b>Mobile River Bridge Interchanges West of County Line</b>	\$1,345
<b>Bayway and Interchanges East of County Line</b>	\$960
<b>Additional Costs</b>	\$376
<b>Total Future Costs</b>	\$2,681
<b>Previously Incurred Costs</b>	\$179
<b>Total Project Costs (including previously incurred)</b>	<b>\$2,860</b>

*\*Note, figures may not total into sums due to rounding,*

Additional costs will add another \$448 million, which includes design, construction engineering, utility, and change orders. Of this \$448 million, approximately \$71 million has been previously incurred during the Early Design Works Agreement process bringing the additional costs amount down to \$376 million as shown in Table 1: Project Costs.

**Table 2: Previously Incurred Costs (in millions)**

Category	Costs (\$M)
<b>Preliminary Engineering Costs (1997-2021)</b>	\$62.5
<b>Right of Way (Complete)</b>	\$41.3
<b>Preliminary Load Test Program (2017)</b>	\$3.9
<b>Subtotal</b>	\$107.7
<b>Design (2021-2024)</b>	\$71.3
<b>Total</b>	<b>\$179.0</b>

**Previously Incurred Costs**

Previously incurred project costs demonstrate the commitment ALDOT and stakeholders have to the project. Preliminary engineering started in 1997 with a feasibility study and continued with corridor studies, environmental coordination, public meetings, preliminary design, archeology mitigation, etc. ALDOT has spent \$71.3 million to date on design as shown in Table 2.

**Funding Status and Request**

ALDOT plans to fund and finance the I-10 Mobile River Bridge and Bayway project through a combination of state funds, federal grants, bonds, and loans. Federal grants consist of this MPDG and a previously awarded INFRA grant. Additional federal funding consists of a TIFIA loan and Protect funds. The TIFIA loan and toll revenue bonds will be repaid through toll revenue collected on the new bridge and Bayway. The funding structure for the whole project is shown below in Table 3: Sources of Funds. Additional detail regarding the project funding can be viewed [here](#). Note that the draft funding plan costs are provided in year of expenditure (YOE); therefore, will not match the costs in this narrative which are in 2023 dollars.

**Project Budget, Sources and Uses of Funding**

This MPDG request makes up 19% of the total eligible project costs and does not exceed the 60% maximum. ALDOT submitted a Bridge Investment Program (BIP) application and is waiting for the results. If the State receives funds from the BIP grant and the MPDG grant, the funding structure will be updated. Should the project not receive either of the MPDG funds or the BIP funds, the full project would be delayed for the foreseeable future until additional funding can be identified. Additionally, the project would be delayed if other federal funds (TIFIA) as outlined above and in Table 3 below, are not received.

**Table 3: Sources of Funds for Future Allowable Costs and Expenditures**

	Non-Federal		MPDG		Other Federal		Total
	Toll Revenue Bonds & Direct State Funding				TIFIA/INFRA/PROTECT		\$\$ 2023
	\$ M	%	\$ M	%	\$ M	%	\$ M
<b>Main Span Bridge and Interchanges</b>	\$613	74%	\$200	40%	\$532	39%	\$1,345
<b>Bayway and Interchanges</b>	\$218	26%	\$300	60%	\$442	33%	\$960
<b>Design, Utilities, Mobilization</b>	\$0	0%	\$0	0%	\$376	28%	\$376
<b>TOTAL by Source of Funds</b>	\$831	100%	\$500	100%	\$1,350	100%	\$2,681
<b>Percent of Total Funds</b>	31%		19%		50%		

*\*Note, figures may not total into sums due to rounding,*

**ALDOT is requesting a Multimodal Project Discretionary Grant of \$500 million to build this critical project.**

In March of 2023, ALDOT was notified that the U.S. DOT has designated this project as a candidate for Technical Assistance with Build America Bureau (BAB) and ALDOT began coordination ([Candidates for Technical Assistance](#)). The meetings for this technical assistance focused on improvements to the BCA. On April 24, 2023, ALDOT sent a draft [TIFIA Letter of Interest \(LOI\)](#) to BAB for review, and ALDOT received comments back. ALDOT is using this guidance from the Technical Assistance program, other feedback from BAB, and updated information from the CSRA Workshop to finalize the TIFIA LOI and continue the TIFIA loan application process. Feedback provided to ALDOT was to apply for the maximum statutory amount of 49 percent of eligible project costs. The TIFIA loan and toll revenue bonds cannot be secured until the Guaranteed Maximum Price (GMP) is reached for both projects which is currently scheduled for November

2024. ALDOT plans to leverage all these prior interactions with the BAB to accelerate the creditworthiness process and expects to submit a final Plan of Finance in June 2024.

### Non-Federal Funding Commitment

As indicated in Table 3 above, a total of \$831 million from the State of Alabama through state highway bonds and toll revenue bonds has been committed to the Project for construction and matching funds and does not include previously incurred costs. The [state funding letter](#) shows ALDOT's commitment to these funds.

If the MPDG grant funding request is secured, ALDOT is committed to completing the project per the schedule outlined in the project readiness narrative and can be also be viewed [here](#). The direct state funding amount committed to this project is not being used for any other program. This funding is not subject to any restrictions that would impact the project schedule. The [draft funding financial plan](#) allocated \$84M of state funds (\$190M in total with \$107M previously incurred) but ALDOT has committed a minimum of \$250M to this project to cover unexpected costs or shortfalls in other funding sources.

### Unanticipated Costs

The design for the project is on average at 60% design level. The construction cost estimate includes a contingency and change order with a combined amount of \$225 million. ALDOT has received cost saving options from the design build teams that could further reduce the project costs if incorporated. ALDOT's Independent Cost Estimating (ICE) firms have been working with the design build teams on quantity take offs and have found no major discrepancies that would negatively affect the estimate. If unanticipated costs exceed the contingency and change order amount, ALDOT does have multiple options to cover these additional unexpected costs. The first option would be to use any additional contingency that was added to the financing costs due to an excess of anticipated toll revenue in the amount of \$96M. The second option is to use the remaining state funds that have been committed up to \$250M and the third option would be to reduce project costs by phasing and/or deferring certain components such as demolition of the existing Bayway. Any deferred elements would be funded by future grants and/or toll revenue. Any phasing would be performed in such a way that the full benefits of the project described in this application could be achieved before the phased components are completed.

### ALDOT Financial Condition

At a cost of \$2,860 million (\$3,277 million when financing costs and other reserves are included), this project is too expensive for the state to fund on its own. For reference, ALDOT's total earmarked funds for FY 2021 were \$1,690 million. Current funding only permits ALDOT to rehabilitate approximately 8% of its Interstate system per year and replace approximately one-third of the bridges that need replacement per year.

**Project Budget, Sources and Uses of Funding**

In 2019, Alabama passed an increase in the state gas tax to help fund transportation investments as part of the Rebuild Alabama Act. The increased tax generated \$225 million in 2023. One-third of those funds are slated for counties and municipalities for local roads, with the remaining portion supporting primarily transportation needs on other routes and not large projects such as the I-10 Mobile River Bridge and Bayway.

ALDOT has a [Transportation Asset Management Plan](#) (TAMP) that assists in making data driven spending decisions related to its assets. Section 4a(4) of the TAMP discusses bridge analysis results for Mega-Bridges. Of the 5,753 state-maintained bridges, 15 were deemed too large for routine maintenance dollars. The replacement or rehabilitation of these mega bridges does not have an avenue for the state to solely fund the construction of this project. Because of this, special funding would be required to be secured. The two largest bridges referenced in the TAMP are the Bayway bridges that are a part of this project. BIN 11930 and BIN 11931; each with a deck area of 1,669,000 sq ft.

**Table 4: Budget table by location**

Census Tract Name	Area of Persistent Poverty	Historically Disadvantaged Community	Urban	Project Costs per Census Tract
<b>Census Tract 107.07</b>	No	No	Yes	\$1.31 Billion
<b>Census Tract 12</b>	Yes	Yes	Yes	\$1.32 Billion
<b>Census Tract 74</b>	Yes	Yes	Yes	\$113 Million
<b>Total:</b>				\$2.68 Billion

Click on the [census tract map](#) for a higher resolution image.



**Figure 1: Census Tract Map**