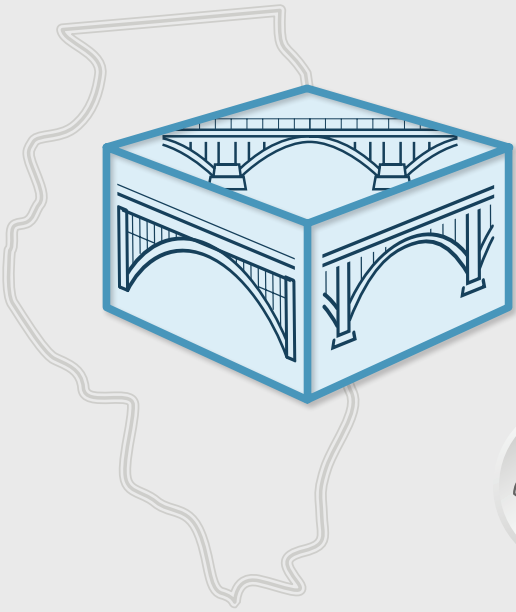


ILLINOIS EXPLORING BRIDGE BUNDLING

UPDATE



There has been much progress to report since the Exploring Bridge Bundling initiative began. The Illinois Soybean Association convened a working group of industry stakeholders in February 2020 and hosted five webinars to educate the working group on bridge bundling concepts and companion tools supporting accelerated bridge project delivery. Additionally, a survey was developed and sent out to stakeholders across the state. The findings of this informative survey will help guide the discussion on moving forward. As we move into fall, the initiative will continue gathering additional support for bridge bundling, as well as expanding the vitally important education process to a wider group of stakeholders.

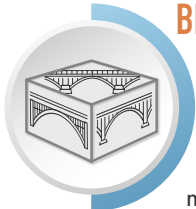
WORKING GROUP



The working group has held five webinars throughout the Spring and Summer. These webinars brought together a cross section of stakeholders representing industry, business, local and state government officials to explore bridge bundling, and how it could work in Illinois. These webinars featured national experts on bridge bundling, as well as officials from other state departments of transportation who have had experience with bridge bundling programs.

Topics We've Covered

BENEFITS OF BRIDGE BUNDLING



Bridge bundling has been administered throughout the country at the State, Regional and Local level, and provided great benefits as compared to traditional delivery methods. By utilizing the bundling delivery method governments have reduced costs, accelerated project schedules, achieved economies of scale, deployed innovation and replaced or rehabilitated more bridges. Nationally, a number of states have administered bridge bundling programs and realized many of the benefits listed above, including Delaware, Georgia, Ohio, Oregon, Pennsylvania, Rhode Island and Kentucky.

FINANCING OPTIONS



The Build America Bureau of the United States Department of Transportation (USDOT) and the United States Department of Agriculture (USDA) provided an overview of financing options that could be utilized for bridge bundling. The two main federal credit programs via USDOT are the Transportation Infrastructure Financing and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF), and USDA provides Community Facilities Direct Loan. Each of these programs offers very low interest rates.

TIFIA (USDOT)

The TIFIA financing option is open to state governments, state infrastructure banks, local governments and special authorities. This program provides these organizations loans, loan guarantees, or lines of credit to finance surface transportation projects. Surface transportation projects include highways and bridges, freight transfer facilities, rural infrastructure projects, and landside port facilities. The terms of the loans are long-term low interest and allow for flexible amortization over a period of up to 35 years from project substantial completion. Eligible projects cost a minimum of \$10 million and loans require an investment grade credit rating. Any non-federal source of funding may be used to repay a TIFIA loan. It is important to note that projects receiving TIFIA loans cannot receive more than 80% federal funding. For projects in rural areas, an interest rate of one-half the Treasury rate is available on projects of less than \$75 million.

RRIF (USDOT)

The RRIF financing option provides loans and loan guarantees to finance railroad and intermodal equipment and infrastructure that result in the public benefit. The goal of the program is for investments to provide public benefits for safety, economic development, environmental improvements, or service and capacity improvements. There is no minimum project or loan size and up to 100% of eligible projects costs can be funded. Additionally, the loans allow for flexible amortization.

Community Facilities Direct Loan (USDA)

The USDA provides community facilities direct loans as a financing option in rural areas with no more than 20,000 residents according to the U.S. Census Data. The loans are available to public bodies, special purpose districts, community based non-profit corporations. These loans can be used for several essential facilities including transportation. The funds can be used to purchase, construct, and/or improve essential community facilities, purchase equipment and pay related project costs. The loan's interest rates are fixed once approved and must be repaid within 40 years or no longer than the useful life of the facility, whichever is less.

OHIO BRIDGE PARTNERSHIP PROGRAM

In 2013, Ohio Department of Transportation (ODOT) implemented the Ohio Bridge Partnership Program. The program would invest \$120 million to repair or replace more than 200 county and city-owned bridges over three years. In order to properly develop the program ODOT worked closely with the Ohio General Assembly, the County Engineer's Association of Ohio, Ohio Contractors Association, ACEC, MPOs and many municipalities. The objective of the program was to address immediate needs first, identify quick

and effective solutions, and keep it simple. A major component of the program was to have bridges bundled in close proximity. The Ohio bridge bundling program also ensured that the program included bridge bundles of a size that facilitated competition from the locally based contracting firms. ODOT reports 12 small, locally based firms were awarded contracts for this program. Ultimately, 223 bridges were improved and due to the success of the program the Ohio General Assembly committed to continuing the program.

BRIDGING KENTUCKY PROGRAM

In 2018, the Kentucky General Assembly passed legislation that required the Kentucky Transportation Cabinet (KYTC) to develop a bridge bundling program which became known as "Bridging Kentucky". The program is a \$700 million initiative to replace or rehab 1,000 bridges by 2024, of which 60 percent are county owned. The program covers 100 percent of the projects cost. The focus of the program was to replace small bridges with similar profiles and to avoid bridges that crossed water or railroads. Due to the sheer volume of bridges within the program the KYTC hired a General Engineering Consultant (GEC) to assist in the program, with a total of 21 firms on the GEC team. When letting, the KYTC made sure that bundles varied in size to allow both small and large contractors the ability to compete for work.

Survey Results

In order to get a better insight into people's understanding of the bridge bundling concept a survey was developed and shared with stakeholders across the state. A total of 154 individuals participated in the survey, which asked a series of questions regarding bridge bundling. Below are some highlights from the survey.

WHAT MATTERS MOST? – A RANKING OF THE PRIORITIES WHEN IT COMES TO A BRIDGE BUNDLING.

- 1. COST** – The cost of the overall bridge program should be minimized through efficiencies and other measures.
- 2. WORST FIRST** – Bridges that are in the worst condition should be the first to get fixed regardless of other considerations.
- 3. NUMBER OF BRIDGES** – Repairing or replacing as many bridges as possible should be the top priority.
- 4. ALTERNATIVE FINANCING** – New ways to pay for the program beyond traditional funding mechanisms should be identified.
- 5. PROJECT DELIVERY** – Innovative ways to design and build the bridges should be implemented.
- 6. SPEED** – Individual bridge construction should be accelerated to deliver the program as quickly as possible.
- 7. ACCOUNTABILITY** – The public should be able to easily identify which bridges are part of the program and if they are being repaired or replaced as promised.
- 8. COOPERATION** – Government and private entities at all levels should cooperate to ensure the successful delivery of the bridge program.

KEY FINDINGS

- Respondents are open to utilizing a variety of funding and financing options for a bridge bundling program included but not limited to GARVEE Bonds, private activity bonds and borrowing against local revenues
- Respondents viewed life cycle cost analysis as a key factor in determining bridge project delivery, design and construction approaches
- Respondents overwhelmingly cited a need to reduce red tape and bureaucracy.

How can you get involved?

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