



BRIDGE REPLACEMENT PROJECT

Bi-State Working Group Meeting Summary

Monday, January 17, 2022 | 2pm – 4pm
Port of Hood River – via Zoom
1000 E Port Marina Drive, Hood River OR 97031

In Attendance:

Members: Chair, Mike Fox (Commissioner), Port of Hood River; Vice Chair, Jake Anderson (Commissioner), Klickitat County; Catherine Kiewit (Mayor), City of Bingen; Marla Keethler (Mayor), City of White Salmon; Kate McBride (Mayor), City of Hood River; Bob Benton (Commissioner), Hood River County.

Alternates: Kristi Chapman (Commissioner), Port of Hood River; Arthur Babitz (Commissioner), Hood River County; open, City of Bingen; Jason Hartmann (Councilor), City of White Salmon; David Sauter (Commissioner), Klickitat County; Jessica Metta (Councilor), City of Hood River.

Staff/Consultants: Kevin Greenwood (Project Director), Port of Hood River; Michael McElwee (Executive Director), Port of Hood River; Miles Pengilly, Thorn Run Partners; Steve Siegel, Siegel Consulting.

Bi State Working Group Chairman, Mike Fox, opened the meeting and welcomed attendees.

December 13 Regular Meeting Minutes

The minutes from the December 13 regular meeting were approved by consensus.

Infrastructure Investment & Jobs Act (IIJA)

Miles Pengilly reported that they are seeking \$20 million in IIJA funding via Oregon Department of Transportation (ODOT) to help fund completion of design and engineering work for the Hood River-White Salmon Interstate Bridge Replacement Project. They have undertaken a series of meetings with legislators to discuss the Bi-State Bridge Authority (BSBA) legislation, and the urgent need for additional funding for the replacement bridge. Pengilly thanked Commissioner Fox and Mayor McBride (and Commissioner Benton, as well) for participating in these meetings. Pengilly provided a brief overview of their strategy to obtain funding from the IIJA. The design and engineering work must be completed by second quarter of 2026 to begin construction by first quarter of 2027. Pengilly noted that they are asking legislators to sign on to a letter that will go to the Oregon Transportation Committee (OTC) and ODOT requesting that they direct \$20 million from the IIJA funds to the Hood River-White Salmon Bridge project. Pengilly noted that it was important to get written comments in support of the bridge project from Gorge elected officials, residents, business, and community organization for the February 17 OTC meeting.

Bridge Authority Legislation Update

Brad Boswell thanked Bob Benton, Marla Keethler, and Jacob Anderson for testifying last Thursday at the hearing on SB 5558 and added that Senator King is appreciative of their time. Boswell noted that he has not

seen or heard of any questions or oppositions to the bill. Members of the BSWG continue to have meetings with individual legislators. Boswell commented that there is still a lot of discussion regarding the transportation package for Washington this year, but he feels that there is not enough momentum to put something together in the short session. Boswell added that they are doing everything they can to build the profile of this project so if or when a Washington package comes together, they are in the queue. Boswell noted that if a transportation package does occur in Oregon, it will have a significant amount for the Hood River-White Salmon Bridge as it is well defined that it is a must-have for Washington. Commissioner Fox asked for Boswell's opinion on obtaining \$20 million in additional funds from Washington in 2022. Boswell replied that he will do what he can and noted that Senator King is aware of that request. Commissioner Fox asked how they could help Senator King promote the bridge project. Boswell replied that one way to help is being able to answer the question of what was done with the \$5 million that was received from Washington state last year; which is being used to establish the project management contract and governance work. Boswell noted that he does not want to sacrifice \$100 million for \$20 million on the front end and added that there may be ways to program that separate from the bigger transportation package.

Miles Pengilly reported that in Oregon the legislative session starts on February 1. The BSBA bill is a committee bill in the Joint Transportation Committee (HB4089) and will likely get a hearing the first week of the session. Pengilly added that he would like to get testimony from the BSWG members in support of the project.

Conceptual Assessment Toll Bond Capacity

Commissioner Fox noted that the BSWG had asked Steve Siegel to determine the amount of project funding potentially available from toll borrowings. Siegel's findings assumed that the toll rates would double in 2030 and would increase by 10% every 4 years. Commissioner Fox commented that a toll plan and funding plan needed to be put in place. Siegel added that the BSWG/BSBA will need to look for every opportunity to increase the creditworthiness or likelihood of getting loans at reasonable rates. This would include creating certain reserves and capitalizing the new Commission. Commissioner Babitz asked how to increase the coverage ratio or improve their creditworthiness. Siegel replied that the coverage ratio is the amount of extra money the tolls must produce to bond a certain amount. This is one way to improve the credit rating if nothing else can be done. Siegel added that when you raise the coverage ratio you lose bonding capacity so other methods should also be sought. Siegel noted that part of ensuring a good credit rating is to make sure that the new entity has all the proper policies and capabilities in place before it goes to the bond market. Commissioner Babitz asked for Siegel's recommendation to enhance the credit rating. Siegel replied that he has included in the governance legislation a variety of provisions that allow for other type of methods to be used and recommended that they start looking for places that can enhance creditworthiness of the project. Once they are further along, they can begin looking for assistance. Mayor McBride asked if they could speak to a bonding agency for guidance. Siegel replied no and added that it was their job to come up with a package proposal and could then seek an indicative rating. Mayor McBride stated that she would like a second opinion and reminded the BSWG members that everyone had agreed to that in a prior meeting. Commissioner Fox asked if there has been follow-up on that request. Kevin Greenwood replied that they have not. Their focus has been on the RFP, but staff will make this request a priority. Michael McElwee clarified the BSWG members request to get another assessment of the creditworthiness of the BSBA and the potential financing structure for the new bridge. Commissioner Fox requested a timeline as well. Commissioner Anderson requested an analysis of how much Steve Siegel's report cost to make before proceeding with a second opinion. Commissioner Benton commented that based on what he has heard

today an alternative solution is needed and wants to ensure that the RFP for the Bridge Replacement Management Contract (BRMC) includes that.

RBMC RFP – First Year Work Plan

Commissioner Fox presented the RBMC workplan for the first year. Some of the tasks include the development of the Project's Management Plan, and the development of an AE design RFP package that is ready for issuance. Commissioner Fox made some additions to the document that included P3 Contracting, bridge financial plan not covered by state/others, and begin work on toll revenue plan. Commissioner Fox noted that there needs to be a date set to decide whether to continue with design build or switch to a P3 and would like the RBMC to help with that evaluation. Siegel commented that if there is a gap a P3 may put in their own equity, but it will be very expensive money and is best to use less of that. A P3 is also responsible for putting together the TIFIA loan and the bond financing. If they are not on a P3 course, then they will need to start getting preliminary credit ratings and making TIFIA loan applications. The TIFIA process typically takes 1.5-2 years. Siegel added that based on his assumptions all the money needed to be in place by January 2026 if not earlier. Commissioner Fox referred to Commissioner Babitz question regarding if they were waiting until the RBMC was in place to get a second opinion for alternate financing. Siegel replied that there was enough time to wait for the RBMC to be in place to get a second opinion.

Consensus: There was unanimous consent to bring in a P3 consultant to further discuss a P3, specifically funding tolls under a P3.

Greenwood provided a brief update on the RBMC. Greenwood noted that it's been difficult to get ODOT to review the document as they are short staffed, but he anticipates receiving comments from ODOT the week of January 17. Once comments are received the Ports outside counsel will review for final formatting. Greenwood reviewed the RBMC procurement schedule and noted that once the contract is finalized it will be sent to the Port Commission for approval on June 18 or sooner is possible.

Project Updates

Greenwood noted that there is a more detailed concept schedule available for anyone who is interested. The WSDOT agreement has been reviewed by the attorneys and Port Commission will be approving the agreement on January 18. WSP will be submitting a work order request in February. Greenwood noted that they finally got the Sec. 106 process, but there have been extensions on the review process. Greenwood believes it is important to have assistance on the federal grant applications that likely will come out next month. The PCE executive summary was not included in the contract, and they did go over budget on the PCE. Total budget is less than \$175,000 and would be eligible out of the WSDOT funding. Greenwood added that ODOT has provided significant technical assistance to the project. FHWA will be leaning on ODOT as well during the project development and engineering phase. The ODOT amendment is for \$125,000. Steve Siegel's amendment for finance and governance services is on the Commission agenda this week. Commissioner Fox asked how much money is currently left in his contract. Greenwood replied appropriately \$10,000.

Hood River Energy Council Energy Plan Update

Commissioner Fox commented that he represents the Port of Hood River on the Hood River County Energy Council (HRCEC) committee. The HRCEC is going through a planning process and is seeking projects for their workplan. Commissioner Fox proposed adding the new bridge as one of their projects to potentially make it sustainable. This would not be a commitment for the Port but could possibly attract additional funding.

Consensus: There was unanimous consent to add the new bridge to the HRCEC workplan.

Commissioner Anderson suggested running legislation in Washington to make them exempt from the sales tax.

Directives – Kevin Greenwood

- a. Pengilly requested testimony from the BSWG members in support of the project.
- b. Seek a finance consultant for a second opinion.
- c. Seek a P3 consultant for discussion.

Adjourn

Next meeting is scheduled for February 14.

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