**Bi-State Working Group Meeting Summary**

Monday, December 13, 2021 | 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; Betty Barnes (Mayor), City of Bingen; Kate McBride (Mayor), City of Hood River. Bob Benton (Commissioner), Hood River County; and Marla Keethler (Mayor), City of White Salmon were excused.

**Alternates:** Arthur Babitz (Commissioner), Hood River County; Kristi Chapman (Commissioner), Port of Hood River; and Catherine Kiewit (Mayor Pro Tem), City of Bingen.

**Staff/Consultants**: Kevin Greenwood (Project Director), Port of Hood River; Michael McElwee (Executive Director), Port of Hood River; Fred Kowell (Finance Officer), Port of Hood River; Steve Siegel, Siegel Consulting; Stuart Bennion (Engineering), WSP; Kelly McNutt, KMC Engineering; Brad Boswell and Jessica Hostetler, Boswell Government Affairs.

**Members of Public**: Lach Litwer; Dale Robins, SW Washington RTC.

Commissioner Fox opened the meeting and welcomed attendees.

**Approve November 8 Regular Meeting Minutes**

**Motion:** Approve November 8 Regular Meeting Minutes

**Move:** Jacob Anderson

**Second:** Kate McBride

**Discussion:** None

**Vote:** Unanimous

**Bridge Finances**

Fred Kowell provided an overview regarding the breakdown of tolls. For several years, the Port’s governing body has determined that the first $0.50 of a toll is revenue, that is discretionary. This means that the revenue can be used for bridge and non-bridge uses. The tolls above $0.50 were dedicated for bridge operations, including capital and debt services. In 2018, the toll increase took the BreezeBy toll from $0.80 to $1.00 and the cash toll went from $1.00 to $2.00. Kowell presented a spreadsheet that separates the costs by Revenue Fund and Bridge Repair & Replacement Fund. The bottom section depicts the non-bridge revenues and expenses. The objective of the spreadsheet is to depict the uses of the toll revenues including how the discretionary portion was used toward non-bridge activities.

Mike Fox commented that the spreadsheet does not show a separate set of numbers for the replacement bridge effort and suggested that moving forward the spreadsheet should show exactly what is being spent on the replacement versus repair. Arthur Babitz clarified that Marla Keethler had requested the tolling information to see if the toll revenue was generating enough money to fund the engineering for the bridge replacement. Commissioner Babitz added that by combining the Repair and Replacement funds, it’s impossible to know what is available for future projects and requested to have these funds separated. Greenwood added that there must be a more comprehensive review of what is the actual expenses that the Port is spending on bridge replacement in addition to separating the repair activities from the replacement activities. Commissioner Fox added that it’s important to start segregating the costs of the Port into three categories: Port Operations, Bridge Repair Activities, and Port Supported Bridge Replacement Efforts. Kate McBride noted that the 2018 toll raise was specifically for Repair and Replacement and requested to see the total percentage of what has been spent. Kowell replied that it’s a bit more difficult because they have a cash toll and BreezeBy toll. Mayor McBride asked if there was no change in the next 5-years, what would be the revenue projection. Kowell replied that if the funds did not get used for repair of the existing bridge you could expect about $1.5 million per year.

Kowell presented a spreadsheet showing the amount of revenue the Port would generate from a toll increase. A small CPI increase of $0.05 for BreezeBy customers and $0.25 for non-BreezeBy customers would forecast $714,631 in revenue. If there was a $1.00 increase for BreezeBy customers and $2.00 for non-BreezeBy customers, the forecasted revenue would be $3.5 million with a debt service of about $1.7 million. Jake Anderson noted that an increase in tolls would be a hard sell to the public when the Port is already subsidizing other things non-bridge related. Commissioner Fox noted that the Port Commissioners are already working towards reducing reliance on bridge toll revenues. Commissioner Babitz asked since the 2018 toll increase, how much of that revenue was used for the replacement bridge. Kowell replied that about $59,000 was used for replacement in those 4 years. Kowell clarified that the toll revenue from the 2018 toll increase was intended to be used for repairs on the existing bridge and the excess would go to the replacement bridge effort. The public was well informed that the existing bridge needed several repairs, and the toll increase would be more for the repairs and less about the replacement.

**Preliminary Cost Estimate**

Stuart Bennion from WSP provided a summary of the Preliminary Cost Estimate (PCE). The purpose was to update the PCE and identify any assumptions such as bid items, and construction methods. As well as identifying project risks related to the PCE. Some of the deliverables that were agreed upon were an assumptions memorandum that would review the basis for costs, and the risk register for cost and schedule. As a group it was decided that they would use Design Bid Build as the mechanism for all assumptions in the PCE. The assumptions were matched as close as possible to the current EIS process.

The previous construction schedule was modified to match the updated assumptions. Some of the critical milestones include the In Water Work Window (IWWW) that is set from October 1 through March 15 every year. Missing the IWWW could delay the project by a year. Another issue is weather delays, the work schedules account for one day closures per week on average. The replacement bridge is scheduled to open to traffic in September 2030. Demolition of the existing bridge and project complete with restoration would be finished in January 2032. Commissioner Anderson asked how much they could save in overall expenses if the IWWW was year-round. Bennion replied that it could potentially save several months to a year and added that there would be more savings in risk management on the contractor side. Mayor McBride asked if the weather days were year-round. Bennion responded that it was dependent on the type of work and schedule. Not all schedules include a weather day.

Bennion noted that the Port had requested they find a handful of projects that were like this project and look at the amount of engineering that was used on those projects. Those projects tended to come in at 5-6% but the recommendation was for 8% engineering and 2% post-design process. Contingency (design and construction) was set at 30% of construction costs and based on specific key factors for this project and Class 4 level estimate. Total project cost was estimated at $4.9 million.

Commissioner Babitz asked at what point would it be clear if the assumptions made are reliable assumptions. Bennion replied that the upcoming Replacement Bridge Management Contract (RBMC) and the design contract will likely take the project to 30%. At this point they can secure a lot of the base assumptions. Commissioner Fox believes that Escalation will increase in the next couple years and suggested that there be a review of inflation at the end of the year and do an adjustment. Mayor McBride commented that a simplified version of the PCE would be best for the public. Commissioner Fox recommended publishing one volume with access to the final PCE and adding an executive summary that provides the highlights of what they are doing.

**Consensus:** There was unanimous consent to present the PCE to the Port Commissioners.

**Governance Update**

Steven Siegel from Siegel Consulting provided a brief update on governance. Siegel noted that work will begin in January 2022 that heads the formation of a Bi-State Bridge Authority (BSBA) by July 2023. The bill will be introduced in 2022 Oregon and Washington legislative sessions. Both sessions end in early March. If passed, the law will be effective 90 days after each respective session ends. There are a few proposed revisions to the bill. One is to clarify that BSBA is subject to simplified budget requirements common to governmental entities without taxing powers. The other revision is to provide for a transition period during which the BSBA can be budgeted as a component of a local area government budget. The bill does not establish the BSBA, but instead authorizes local area governments to form the BSBA. Siegel noted that the funding plan will likely be seeking a TIFIA loan which needs to synch with engineering and traffic and toll revenue studies. Siegel presented the governance work plan and schedule.

**Siegel Amendment for Governance/Finance Consulting**

Greenwood provided a copy of the contract amendment that will be presented to the Port Commission along with the WSDOT funding agreement. Greenwood added that Siegel has been a part of each step of the process. Commissioner Fox asked what the cost for Siegel’s services is. Greenwood replied that the contract is for 18 months at $546,500. Commissioner Fox asked what percentage of time is being assumed in that amount. Siegel replied that it represents about two-thirds of his time. Commissioner Fox noted that at 100% of the time for 18 months it would cost $175 per hour and requested feedback from the committee. Greenwood replied that when he was considering consultants to help with the development of the RBMC RFP, the numbers where in the $275 per hour range, and added that it would be an expensive effort. Michael McElwee commented that he has worked with Siegel for a long time and has not met anyone that does what he does. Siegel has a legal background and has been part of major infrastructure projects. McElwee recognizes that it’s a lot of money but believes that his rates are significantly less than most law firms. Kristi Chapman added that it is a large amount of money but changing directions now would require time. Betty Barnes agrees with Commissioner Chapman. Commissioner Babitz noted that bringing in someone new could provide a different perspective. Commissioner Fox suggested giving the extension with the ability to terminate and added that he would like to see progress milestones as well. Commissioner Anderson asked what value Siegel is adding from now and until the end point. Greenwood replied that one element is budgeting, and another is a technical understanding of the laws in both states. Greenwood added that this type of work is included in their budget, and it can be adjusted if needed. Invoicing for the contract amount would be based upon the deliverables and the work that is being put into the project. If no comments are received, then there is no need to activate Siegel into the legislative meetings.

**Consensus:** Unanimous consent to proceed with Steve Siegel’s contract. The BSWG requested strict language for no-cause termination. It was also requested that Siegel return with a list of deliverable milestones over the next 18 months.

Commissioner Anderson noted that now that they have a final estimate on the replacement bridge, there needs to be a discussion on how to move forward. Mayor McBride asked how the committee would get funding with no credit history. McElwee replied that this was asked to TIFIA representatives, and they had stated that this was not the first time that a start-up agency has applied for a TIFIA loan. The underwriters want to know that there are capable people to design, construct, and manage the bridge.

**Grant Agreement Progress**

Greenwood reported that he had a meeting with the procurement officer from WSDOT. The comments from WSDOT have been sent to the Port’s legal counsel. Once comments are received from legal counsel the agreement will be brought forth to the Commission for approval at the next Commission meeting.

**Tribal Compensatory Agreements**

Greenwood noted that FHWA, ODOT, and Port staff meet last week. Greenwood had his first phone call with the Nez Perce attorney and was able to provide a project update to the attorney. Meetings will start in January with Nez Perce. With the implementation of the WSDOT grant agreement, WSP can assist with producing materials for the effort.

**RBMC RFP Update**

Greenwood reported that ODOT has requested that Port staff modify the RBMC RFP into a standardized template. Staff is working with Dale Robins from Southwest Washington Regional Transportation Council, to make the change. Commissioner Fox added that they are willing to meet with Dale Robins to explain the philosophy they have for the RBMC in hopes that it will help expedite the review.

**Other Items**

Greenwood commented that the Oregon members of the BSWG met with the Hood River County Act Members last month to discuss the federal infrastructure program. Greenwood will be tracking the ACT progress and RTC process. Next BSWG is scheduled for January 10.

McElwee recognized Betty Barnes and asked if she was retiring. Mayor Barnes confirmed such. McElwee thanked Mayor Barnes for her partnership and added that they have benefited from her counsel.

**Adjourn**

Meeting was adjourned at 4:41 p.m.

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