

May 31, 2017

Testimony

HB 2750 B

HOOD RIVER BRIDGE

Submitted to:

Senate Committee on Business & Transportation

Chair, Lee Beyer

By:

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Port of Hood River

Good afternoon, Chair Beyer and members of the Committee. My name is Michael McElwee. I serve a five-member elected board as the Executive Director of the Port of Hood River. I am here to describe the crucial need for the Port of Hood River to replace the Hood River/White Salmon Interstate Bridge and to seek your support for **HB 2750 B** which would provide some of the tools we may need to do so. Our Board is grateful for the support and sponsorship of this bill by Representative Mark Johnson and Senator Chuck Thomsen. And we were heartened by the strong support demonstrated by the House of Representatives in passing the HB 2750 on May 16 for your consideration. We hope to see the same level of support in your chamber.

There is wide recognition of the need to rebuild and replace aging infrastructure in Oregon. Our Board strongly supports your efforts to pass a significant transportation funding package this session. The Hood River/White Salmon Interstate Bridge is part of Oregon's transportation network and can and should be addressed this year as well. It is a critical transportation link in our region and vital to the economy of the Columbia River Gorge. But due to its age, condition, and vital role in the regional transportation network the next major steps must be taken soon so that it can be replaced in the next 10 years.

BACKGROUND

Our Bridge was constructed in 1924 by the Oregon/Washington Bridge Company, a private firm, after receiving the approval of Congress in the Bridge Act of 1906. The toll rate was \$1 for autos and 75 cents for a head of cattle. In 1939, the lift span was added and much of the Bridge was rebuilt due to the construction of Bonneville Dam. Ten years later, the Oregon legislature passed **ORS 268** allowing the ownership of interstate bridges by municipalities. In 1950, the bridge was offered for sale to WSDOT, ODOT and public agencies on both sides of the river. All declined except the Port of Hood River. The Port acquired the bridge and all the rights of the Oregon/Washington Bridge Company for \$800,000. We have operated it successfully for the past sixty-seven years. In that time we have invested about \$40 million in capital upgrades and improvements. In 2006, we established an electronic toll collection system (ETC) that to this day, is the only such system in the state. In 2016, over 4 million vehicles crossed the bridge and today we have over 12,000 BreezeBy accounts. This year the Port will install a major upgrade to the ETC system to allow for real-time accounting processes as well as a web portal for

BreezeBy customer account management. In the near future we will have inter-operability with the electronic tolling systems in Washington, California and other western region states.

WHY SHOULD IT BE REPLACED?

- First and foremost is age. The design life expectancy for the structure was likely 50-60 years. Most of the Bridge is nearly 80 years old—and portions are over 93 years old.
- The Bridge is functionally obsolete. It is significantly under-sized for vehicle freight crossings, with only two 9' 4.75" wide travel lanes with no shoulders.
- The bridge is weight restricted to 80,000 lbs. A fully loaded fruit truck hauling fresh pears for processing weighs on average 105,500 lbs. Regional vehicle freight companies rely upon the Bridge for movement of Oregon fruit and forest products, building materials and locally manufactured products such as glass windows and doors and aviation technology components.
- The Bridge has no bicycle/pedestrian facilities and cannot structurally support the addition of such facilities.
- The Bridge creates a significant bottleneck for traffic and emergency response during weather or other incident-caused closures of the I-84 freeway; occurring on average three times a year.
- The Bridge is regarded as the most hazardous obstacle on the federal inland waterway system.
- The Bridge is seismically deficient and would likely incur catastrophic failure in an earthquake of 6.5 or greater. This is important because the 2016 Governor's Transportation Vision Panel identified seismic resiliency in the Columbia Gorge river, road and rail corridor as a priority.

In sum, the Bridge is nearing the end of its useful life. Catastrophic failure or reducing the weight limit would have severe economic and social impacts on the truly bi-state communities of the Gorge. For all these reasons, the effort must continue with the goal of replacing the bridge in 10-15 years.

WHAT HAS BEEN DONE TO DATE

Planning began over ten years ago. In 2003, a Draft Environmental Impact Statement was completed. In 2012, a Type, Size & Location Study was completed. In 2015, an amendment was included in the FAST ACT designating projects within National Scenic Areas as expressly eligible for program funding. In 2016 the Bridge was designated as part of the National Highway System, it was added to the Critical Rural Freight Network by WSDOT, a Project Benefit Cost Analysis was completed. Most recently, the Port submitted an application to the federal FASTLANE program to fund preconstruction activities. Total associated costs to date exceed \$1.8 million, funded with federal and local dollars.

TWO POTENTIAL PATHWAYS

Replacement of the Hood River/White Salmon Interstate Bridge is expected to cost between \$280 and \$300 million. This is a significant amount, especially for a rural community and region. Funding availability aside, in concept, an effort like this can be undertaken as a public project led by the Port, WSDOT or ODOT, or as a public-private partnership (P3) led by a private entity via an agreement with the Port.

- **Public/Private Partnership.** One advantage of the Hood River Interstate Bridge is that it has been a toll facility since originally authorized by Congress in 1906. This means that the potential for a public private partnership exists. In any case, the approach to leverage private equity and debt to build a

new bridge under a long-term operating agreement with the Port should at least be on the table. The Port has already received interest in a P3 from private firms but it is not yet clear whether the terms or trade-offs necessary to affect such a project would be in the public interest.

- **Public Approach.** This is typically Design/Bid/Build or Design/Build. This approach assumes public funding, and ownership and management by a public agency. With proper financial support, the Port might be able to take the lead on this approach. Oregon or Washington DOTs, or a combination of these agencies in partnership with the Port, may present a more likely scenario, however, both agencies have their own significant and unfunded transportation priorities and neither have indicated they have the requisite financial capacity or interest.

Fundamentally, the Port believes it is vital that all possible options for replacement are open to us at this juncture, and let future due diligence, detailed alternatives analysis, federal funding availability, market assessment and political acceptability determine the eventual pathway forward. It will also be important that both ODOT and WSDOT lend their partnership, expertise and support, and we will be working closely with them in the years ahead.

WHAT IS NEEDED

HB 2750 B is an important piece of legislation for our efforts. As passed by the House, it would, among other things, do the following:

- Clarify the Port's statutory authorities relating to bridge ownership, management and financing, and the Port's authority to pass-on rights and obligations to a P3 partner under an agreement.
- Convey what ODOT already has in existing statute (ORS 383 and ORS 367) related to innovative public/private partnerships.
- Enable the Port to sell the current bridge under an agreement to build a new bridge.
- Confirm the Port's ability to enter into an agreement with ODOT for tolling enforcement.

When HB 2750 was being considered by the House, we made two important commitments on the record: First, we would work closely with Representative Holvey, based on concerns they raised and attempt to craft an amendment to reflect his ideas. We have engaged in several workgroup meetings and multiple legislative drafts to do so. Unfortunately, neither the -5 nor -6 draft amendments before you resolve the outstanding issues in a way that squares with the practical reality of delivering a P3 project. Second, we committed to adopting rules, similar to ODOT's, that describe the specific process for implementing the Innovative Partnerships Program at the Port. That is a commitment we make as a public agency and will keep.

We believe that HB 2750 B provides the tools necessary for a possible P3 project. The Port is a public agency and we adhere diligently to the statutes that govern the work of public agencies in this state. HB 2750 B only provides to the Port of Hood River the same authorities and responsibilities that the Legislature conveyed to ODOT, another public agency, through ORS 383 and ORS 367. These statutes

were prepared to recognize both the limited opportunities and the special challenges of carrying out a P3 project. They are crucial for leaving the option of a P3 project available to the Port.

CONCLUSION

Without legislative help, the Port's ability to take the next major steps towards bridge replacement will be greatly diminished. The Port would need to focus almost exclusively on keeping the existing bridge safe and operational for as long as possible. Capital funding demands for upgrades and repairs will increase. And, prospects for either a reduced weight limit, or a sudden closure from earthquake or vessel strike, will grow by the year.

As a toll facility owned by a public agency, replacement of the Hood River Bridge presents unique state, local, and federal funding opportunities and, potentially, an innovative public/private partnership. My elected board believes it is our obligation to creatively and aggressively pursue bridge replacement efforts so that construction of a new, replacement bridge can occur within 10-15 years. Even with toll revenue, our Port does not have the capacity to carry out this project alone. The Port seeks your support so that we can achieve meaningful progress in the near term.