

OREGON FREIGHT ADVISORY COMMITTEE

REPORT TO THE OREGON TRANSPORTATION COMMISSION

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PREPARED BY:

ODOT FREIGHT MOBILITY SECTION

APPROVED BY

OREGON FREIGHT ADVISORY COMMITTEE, DECEMBER 6, 2006

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2006 OREGON FREIGHT ADVISORY COMMITTEE MEMBERS

<i>Member Type</i>	<i>Member Name</i>	<i>Member Affiliation</i>
Ex Officio	Randy Papé	Oregon Transportation Commission
	Tom Zelenka, Chair	Schnitzer Steel Industries
General	Susie Lahsene, Vice Chair & Policy Subcommittee Chair	Port of Portland
	Martin Callery, Projects Subcommittee Chair	Oregon International Port of Coos Bay
	Bob Russell, Membership Subcommittee Chair	Oregon Trucking Associations
	John Aguirre	Oregon Association of Nurseries
	Ken Armstrong	Oregon Ports Group
	Steve Bates	Redmond Heavy Hauling
	D.E. Bridges	Oregon Forest Products Transportation Assn.
	Michael Burrill, Sr.	Burrill Resources
	Gary Cardwell	Northwest Container Services
	Bruce Carswell	Portland & Western/Willamette & Pacific RR
	Terry Cowart	Lebanon Auction
Tammy Dennee	Oregon Wheat Growers League	
Raymond Garcia	OIA Global Logistics	
Greg Gilmer	NORPAC	
Jerry Grossnickle	Bernert Barge Lines, Inc.	
Tom Hawksworth	Central Oregon & Pacific Railroad	
Andrew Johnsen	BNSF Railway	
Robert Mathers	Kinder Morgan Energy Partners	
Greg Miller	Weyerhaeuser	
Michael Montero	Montero & Associates LLC	
Jim Nave	Union Pacific Railroad	
Gary Neal	Port of Morrow	
Carrie Novick	Redmond Municipal Airport	
Don Schellenberg	Oregon Farm Bureau	
Jonathan Schlueter	Westside Economic Alliance	
Jon Sperl	Pendleton Grain Growers, Inc.	
Charles Tindall	Blue Line Transportation Company	
Steve Van Mouwerik	Anderson Hay & Grain	
Glenn Vanselow	Pacific Northwest Waterways Association	
Liz Wainwright	Merchant's Exchange	
Tracy Ann Whalen	ESCO Corporation	

<i>Member Type</i>	<i>Member Name</i>	<i>Member Affiliation</i>
Associate	Jim Adams	Federal Railroad Administration
	Anne Ballew	Central Lane Metropolitan Planning Organization
	Bill Burgel	HDR Engineering, Inc.
	Dan Clem	Salem-Keizer Metropolitan Planning Organization
	Tyler Deke	Bend Metropolitan Planning Organization
	Nick Fortey	Federal Highway Administration
	Lylla Gaebel	North West ACT
	John M. Gillam	Portland Office of Transportation Planning
	Ann Hanus	Oregon Economic & Community Development Department
	Dave Harlan	Oregon Economic & Community Development Department
	Robert Hidley	Oregon Department of Aviation
	John Kratochvil	Oregon Department of Agriculture
	Lyn McClelland	Federal Maritime Administration
	Linda Modrell	Corvallis Metropolitan Planning Organization
	Mike Nolan	Federal Motor Carrier Safety Administration
	Mike Quilty	Medford-Rogue Valley MPO
	Alan Unger	League of Oregon Cities/Central Oregon ACT/City of Redmond
	Lonny Welter	Columbia County Road Department
	Mike Wendel	City of Prineville
	Bridget Wieghart	Portland Metro

OVERVIEW

The Oregon Freight Advisory Committee (OFAC) was created in the late 1990s to provide a statewide forum for review and discussion of freight issues and to provide input to the Oregon Transportation Commission (OTC) and the Oregon Department of Transportation (ODOT). Its Bylaws, adopted in mid-2005, call for an annual report to the OTC. This report therefore covers the period from mid-2005 to December 2006. Previous reports were made in March 2003:

http://www.oregon.gov/ODOT/TD/FREIGHT/docs/2003_report_to_legislator.pdf;

and April 2004:

http://www.oregon.gov/ODOT/TD/FREIGHT/docs/FAC_Recommendations_High_Priority_Freight_Mobility_Projects.pdf.

This report is divided into four sections: *Overview; Improving the Freight System; Creating Greater Understanding of Freight in Oregon; and Looking Ahead.*

OFAC Mission

Key Objective

One of OFAC's key objectives has been helping Oregonians understand the importance of freight mobility. Through statewide outreach; partnerships with planning organizations, state agencies and private entities; and participation in joint projects and other community efforts OFAC is spreading the word about the positive role freight movement plays in a strong economy. With the support of ODOT staff dedicated to freight mobility, OFAC is positioning the state for productive conversations to address Oregon's needs. OFAC's current mission statement was approved by the OTC as part of OFAC Bylaws approval in May 2005. Its mission is to:

Advise ODOT, the OTC and Oregon Legislature on priorities, issues, freight mobility projects and funding needs that impact freight mobility and to advocate the importance of a sound freight transportation system to the economic vitality of the State of Oregon.

Legislative Mandate

OFAC has been tasked by the Legislature to recommend statewide freight infrastructure investments and this report recaps activities in this area. OFAC has been influential in encouraging a focus on system improvements that benefit freight and continues to work actively to address freight issues, which since its inception have increased in intensity as freight activity grows and the connection to the health of the state's economy becomes more and more apparent.

Public Dialogue

All OFAC regular and subcommittee meetings are open to the public and announcements are published ahead of time. Members strive to ensure that the general public is gaining awareness of freight issues and their importance in the daily lives of Oregon's residents.

Membership

OFAC is composed of 32 industry members and currently, 23 associate members plus alternates. There are also three subcommittees – Projects, Policy and Nominations/ Membership. While each has a specific emphasis area, their responsibility is to work on specific assigned issues and forward recommendations to the full OFAC for approval.

Projects Subcommittee

The Projects Subcommittee is chaired by Martin Callery (Port of Coos Bay) and vice chaired by Susie Lahsene (Port of Portland). It has been the work group to review and prioritize all Statewide Transportation Improvement Program (STIP), *ConnectOregon*, Metro Transportation Improvement Program (MTIP) and Oregon Transportation Investment Act (OTIA) projects as described herein.

Policy Subcommittee

The Policy Subcommittee is chaired by Susie Lahsene (Port of Portland) and develops and/or recommends all OFAC policy decisions for member approval, including OFAC's decision in December 2006 to begin providing input to MTIPs. The Subcommittee has also developed OFAC's ODOT Research statements and provided input on the OTP, Freight Plan, future freight data collection and this report.

Membership Subcommittee

The Membership Subcommittee is chaired by Bob Russell (Oregon Trucking Associations) and is responsible to nominate and elect OFAC officers and members annually. General members represent freight shipper, carrier and advocacy organizations and associate members are multi-level (non-ODOT) government and other industry representatives.

Importance of Freight in Oregon

Oregon is a key export state, ranking 10th nationally and 4th in the western U.S. in value of exports per person (1997). Approximately 80 percent of the state's agricultural products are shipped out of state; Oregon's producers must also be able to get natural resource and manufactured products to market. Nationally, freight movement is estimated to expand 57 percent and import-export tonnage will increase by nearly 100 percent by 2020 (AASHTO *Freight-Rail Bottom Line Report*, 2003). Many of the nation's largest ports, such as Long Beach (CA), are at or near capacity, and shippers are exploring alternative modes to move freight. If Oregon can move freight efficiently out of, into, through and within the state, the state will be positioned to profit from expected growth. As a result, improving efficiency and capacity to move freight through Oregon will

benefit the state's economy by enhancing competitiveness, attracting and expanding business and creating jobs.

Looking Ahead

Looking ahead, according to the Committee, the most important issues for a healthy Oregon freight system include:

- developing methods to prioritize scarce investment dollars to locations that most benefit the Oregon economy;
- reducing barriers to make more effective 24-hour/7-day use of the existing transportation system for goods movement;
- developing stable long-term funding sources for both public and private sector system investments;
- coordinating and sharing information between private and public sectors regarding operations, constraints and procedures of each; and
- ensuring that freight considerations are taken into account when ODOT, the OTC, the Legislature and other entities make transportation policy and investment decisions.

Oregon faces many challenges in transportation. By involving the public and key stakeholders — such as the Oregon Freight Advisory Committee — the state can make the best decisions for all of Oregon.

A. IMPROVING THE FREIGHT SYSTEM

Mandates

Legislative Mandates

OFAC's existence is formalized in ORS 366.212, calling for OFAC to advise the ODOT Director and OTC regarding "issues, policies and programs that impact multimodal freight mobility in Oregon"; provide STIP input and recommend freight mobility projects to the OTC; and receive ODOT policy and staff support. OFAC's first formal legislative call to action came in the 2003 session: as part of OTIA III, \$100 million in bonds was provided for the cost of planning, development, design and constructing freight mobility projects recommended by OFAC. ORS 184.611 defines a freight project as one that "supports the safe, reliable and efficient movement of goods between and among local, national and international markets" and investment in these projects would "yield a return on the state's investment in terms of improved economic opportunity and safety." In developing its STIP, ODOT was to give priority to freight mobility projects that:

- are located on freight routes of statewide or regional significance;
- remove identified barriers to the safe, reliable and efficient movement of goods; and
- facilitate public and private investment that creates or sustains jobs.

Finally, SB 71 (2005) required OFAC to advise on non-highway freight projects under the new *ConnectOregon* program.

OFAC is supported in these endeavors by ODOT's Freight Mobility Section (FMS).

Freight Highway Projects

STIP Inputs and Tracking – 2004-2007 STIP

Expanding from lists developed between the ODOT Regions, Area Commissions on Transportation (ACTs) and other statewide stakeholders, OFAC provided a list of recommended freight projects in January 2003, which is included in its 2003 Report to the Legislature. ODOT's FMS tracked and reported to OFAC semi-annually on the progress of these projects in 2005. This project list was divided into three tiers. As many of these projects moved from the design to the construction phase, they moved into the approved 2006-2009 STIP and continue to be monitored for progress during the construction phase.

STIP Inputs and Tracking – 2006-2009 STIP

All Tier 1 (and a number of Tier 2 and 3) freight projects OFAC recommended under OTIA III were scheduled into the 2006-2009 STIP. ODOT staff tracked and reported to OFAC throughout 2006 on the progress of these projects. As many of these projects, as well as some not fully funded in the 2004-2007 STIP, moved from planning to design to construction phases, they moved into the draft 2008-2011 STIP and continue to be monitored for progress during the construction phase.

STIP Inputs – 2008-2011 STIP

OFAC's Projects Subcommittee provided preliminary input to the draft 2008-2011 STIP starting in late 2005. The Subcommittee reviewed and prioritized the ongoing list of projects developed as part of its 2003 legislative report with the same basic process and criteria utilized for OTIA III. Projects recommended by ODOT Regions and ACTs through the STIP process were also added as appropriate to the OFAC list. Final OFAC input to the draft STIP, in the form of high-priority projects recommended for at least preliminary funding, was provided by the November 30 deadline and ratified at its December 2006 meeting. OFAC was successful in recommending 73 percent of freight mobility projects statewide and concurred that about half of the additional modernization projects recommended by the ODOT Regions and ACTs facilitated freight mobility; thus freight needs are well addressed in the forthcoming STIP.

State Non-Highway Projects

ConnectOregon

ConnectOregon will greatly benefit Oregon's economy not only by generating jobs and income but also by positioning the state to move freight and people more efficiently in the future. These strategic economic investments will reduce costs for Oregon businesses, connect many regions of the state more effectively, and build critical links in the statewide and regional systems.

SB 71 (2005) allowed up to \$100 million in lottery bonds to finance air, rail, marine and public transit projects chosen by the OTC. In choosing projects, the bill mandated the OTC receive input from:

- OFAC, for freight transportation projects (OFAC reviewed all projects);
- The State Aviation Board, for aviation projects; and
- Public transit and rail advisory committees, for those projects.

The OTC also authorized the establishment of five regional review committees, comprised of the existing ACTs, except in ODOT Region 1 where a new committee was specially created. Final input was provided by a Consensus Committee, made up of representatives from the modal and regional groups.

Over 100 project applications were received from public and private entities statewide. The state was divided into five regions, each to get at least \$15 million. The Consensus Committee recommended 43 projects for OTC approval: 17 rail, 10 aviation, six transit, seven marine and three multimodal projects. There were nine projects in Region 1; seven projects in Region 2; five projects in Region 3; eight projects in Region 4; 13 projects in Region 5; and one statewide aviation project. At this time, virtually all projects are under Agreement and the first round of bonds has been sold, with a second round planned for early 2007.

ConnectOregon significantly enhances the state's economic development goals. Based on a joint analysis by ODOT and the Oregon Economic and Community Development

Department, *ConnectOregon* projects will directly benefit over 40 percent of the state’s certified industrial sites, making those sites even more desirable for new jobs and new investment. These sites are “shovel-ready” sites inventoried by the state to help attract business to locate and grow in Oregon. Further, *ConnectOregon* projects such as Eugene Airport Air Cargo Facilities Improvements, Winchester Freight Rail Yard, Rogue Valley International-Medford Airport, Port of Portland’s Container Terminal 6, Port of Coos Bay, Redmond Airport and Hinkle Yard will benefit industrial sites throughout the state.

An important aim of the Committee is to become fully multimodal and intermodal in focus, since so much freight uses more than one mode to complete its journey. The momentum for pursuit of that agenda has been increased due to the *ConnectOregon* program and will continue as the State’s Freight Plan is developed (see page 17).

State Highway Freight System Revision

In January 2004, ODOT’s Planning staff began reviewing the Oregon Highway Plan (OHP) State Highway Freight System, called the Freight Route Analysis Project (FRAP), at the request of the OTC. The review was also done because HB 2041 specified, “...ODOT shall give priority to freight mobility projects located on identified freight routes of statewide or regional significance” and the fact that by 2020, freight traffic on Oregon highways is expected to double.

Staff conducted extensive public outreach: a FRAP Advisory Committee was established and included Bob Russell, President of the Oregon Trucking Associations, as the OFAC representative and Leon Fischer of Siletz Trucking (Independence, OR) as the Motor Carrier Technical Advisory Committee representative. Affected jurisdictions were informed of the proposed freight route designations; a draft staff report was sent to all cities, counties, MPOs and stakeholder committees; and staff maintained a website containing a variety of information including draft reports, study maps, timeline, “frequently asked questions” and public comments.

In August 2005, the OTC adopted several changes to the OHP that will help state and local officials respond better to the needs of communities throughout the state, while accommodating the increased freight traffic. One of those changes added approximately 1,200 miles (30 additional highway segments) to Oregon’s State Highway Freight System, most of which are Statewide Highways. From here on, future improvements to these segments will need to satisfy volume/capacity and other Freight System requirements. The recent additions to the System are shown in the following table:

Oregon Highway System Freight Route Expansion, 2005			
	Previous System	OTC Approved Additions	Per Cent Increase
Total Oregon Highway Mileage	7,448 Miles	NA	NA
Total Oregon NHS Mileage*	3,654 Miles	NA	NA

Oregon Highway System Freight Route Expansion, 2005			
	Previous System	OTC Approved Additions	Per Cent Increase
State Highway Freight System (SHFS)	2,092 Miles	Approximately 1,233 Miles New Total: 3,324 Miles	59%
NHS Mileage that is part of SHFS*	2,091 Miles Freight System includes 57% of the NHS in Oregon	Approximately 917 Miles New Total: 3,008 Miles Freight System now includes 82% of the NHS in Oregon	44%
Non-NHS Mileage that is part of SHFS	1 Mile	Approximately 316 Miles New Total: 317 Miles	N/A

* Does not include NHS Intermodal Connectors that are local facilities.

Highway segments designated as “freight routes” play a significant role in the movement of freight in the state. Whenever there is a roadway project proposed on a freight route, the design of the project must take into consideration truck movements that occur within the project area. Freight route designations allow for less traffic congestion, and changes to the mobility standards have been made to reflect this (see Table 6 of the OHP at: <http://www.oregon.gov/ODOT/TD/TP/ortransplanupdate.shtml>). Freight route standards include design of travel lanes and shoulders, overhead clearance, median barriers and intersections. As projects are constructed on freight routes, the design must take into account through-freight movement. Amendments to Policy 1B of the OHP were also approved to complement changes to the SHFS. Policy 1B of the OHP includes policies on highway segment designations such as Special Transportation Areas, Urban Business Areas and Commercial Centers -- tools to implement compact community development.

Oregon Transportation Plan

The Oregon Transportation Plan is the state’s overarching policy document for long-range multimodal transportation planning and is among a series of plans that together form the state transportation system plan. The OTP, adopted in September 2006, provides a backdrop for statewide freight planning and addresses the future needs of Oregon’s airports, bicycle and pedestrian facilities, highways and roadways, pipelines, ports and waterway facilities, public transportation and railroads through 2030. It assesses state, regional, and local public and private transportation facilities. The plan advocates for a transportation system that:

- provides travel options (Goal 1);
- is seamless and functions as one system (Goal 2);
- helps maintain and enhance Oregon’s competitive economic edge (Goal 3);
- is sustainable (Goal 4);

- is safe and secure (Goal 5);
- is adequately funded (Goal 6); and
- solves problems based on cooperative partnerships (Goal 7).

Several members of OFAC participated in OTP development by serving on either the Steering, Mobility and Economic Vitality or Safety and Security Committees. OFAC also provided valuable input on the draft plan as follows:

- Language was added throughout the plan to underscore the point that Oregon’s historic competitive transportation edge needs to be sustained; the transportation system provides crucial support for Oregon businesses.
- OFAC members expressed a concern that the draft plan lacked a clear direction and urgency to improve and invest in the transportation system to meet needs of businesses and citizens; and that system enhancements and capacity should be at the forefront, particularly for freight movements. In part because of this input, products are currently being developed to convey the urgency of investing in the transportation system based on the plan.
- Language was also added throughout the plan to emphasize an OFAC concern that rural areas – the areas that produce many of Oregon’s exported goods – have unique challenges that are important to address. “One size fits all” policy solutions will not be effective for rural Oregon.
- The need to increase emphasis on sustainable funding resulted in Key Initiative E, which calls for the development of a sustainable funding plan addressing all modes.
- In addition, language suggestions were provided by OFAC members and staff which improved or clarified intent. This included both policy and key initiative language that emphasizes an integrated and efficient transportation system and strategic capacity improvements.

A published version of the OTP is being developed. An electronic version of the adopted Plan and links to the background material may be found on the OTP web site at:

<http://www.oregon.gov/ODOT/TD/TP/ortransplanupdate.shtml>.

Miscellaneous Highway Projects

ODOT staff is directing a consultant study of Oregon Highway 140 to evaluate the benefits and costs of removing truck length restrictions. An OFAC member is serving on this study’s technical steering committee. In addition, staff has been assigned to serve on technical advisory committees for highway planning projects, including the U.S. 97 Redmond Reroute and the Oregon 126 Expressway Management Plan.

Committee Correspondence

In the past 18 months, the Committee has submitted letters to the OTC on the following topics:

- supporting the Portland Freight Committee in its quest to retain an industrial sanctuary in the Linnton area of Portland;

- OFAC’s recommendations on the Draft Oregon Transportation Plan;
- OFAC’s recommendations on the Draft 2008-2011 STIP;
- an OFAC Resolution recommending a list of “standby” *ConnectOregon* projects for funding;
- OFAC input to the OTIA returned fund process (it requested OFAC Chair or designee have a voting position on the OTIA III Steering Committee and listed OFAC’s recommendations for projects to be funded); and
- most recently, OFAC sent letters to ODOT, OTC and the ACTs with its final recommendations to the Draft ODOT 2008-2011 STIP.

In addition, OFAC has sent other correspondence, including: letters of appreciation to Oregon’s Congressional delegation for their efforts on SAFETEA-LU; Research Problem Statements to the ODOT Research Group for consideration in both 2005 and 2006; a letter to ODOT Scenic Byways Project Manager in support of a grant for structural restoration to historic Neahkahnie Mountain Rock Wall on US 101 (at the request of Committee member Lylla Gaebel); and a letter to Metro with OFAC’s recommendations to the Draft 2008-2011 MTIP).

Committee Business Decisions

OFAC makes a number of business decisions at its quarterly (or more frequent) meetings. Most decisions are deliberated at the Subcommittee level with resolutions and/or recommendations submitted for OFAC approval at the next quarterly meeting. Some key decisions include:

- twice approving Projects Subcommittee recommendations on freight projects in the 2008-2011 STIP;
- approving Projects Subcommittee recommendations on funding for *ConnectOregon* projects for all four (freight and not-freight) modes;
- advising ODOT’s OTIA Steering Group on process and prioritization to reallocate returned freight and bridge funds; and
- directing Freight Mobility staff to analyze the impact of Hurricane Katrina on Oregon, Washington and California freight movers and other stakeholders.

B. CREATING A GREATER UNDERSTANDING OF FREIGHT IN OREGON

Overview

A significant component of OFAC's role in creating a greater understanding of the Oregon freight transportation system has been through educational topics at its meetings, research, statewide outreach and federal and multi-state liaison and dialogue. Some of these activities have been conducted by OFAC or its members, and some were accomplished on OFAC's behalf by ODOT's Freight Mobility Section.

OFAC Meeting Educational Activities

Part of OFAC's focus is to provide education for its members and audiences regarding specific technical aspects of freight both nationally and in Oregon. In the past 18 months, the Committee has kept a continuous "future agendas" list and has directed staff to invite numerous speakers to its meetings.

Highway topics presented at meetings included:

- the freight aspects of the 2005 federal transportation authorization bill (SAFETEA-LU);
- a briefing on the OTC's revised freight route designations in 2005;
- an overview of the City of Portland's recently completed (highway) Freight Master Plan;
- a presentation on the Oregon Association of Nurseries' Advantage Oregon cooperative shipping program; and
- several STIP updates.

Rail topics presented included:

- a presentation on how railroad grade crossing closure procedures operate; and
- an update on the ODOT Rail Industrial Spur investment program.

Marine topics have included:

- a briefing on the Pacific Northwest Waterways Association's 2005 Marine Transportation Study;
- a marine panel to discuss approaches to *ConnectOregon*; and
- a briefing from the Army Corps of Engineers on its role in marine infrastructure, operations and planning.

Other multimodal topics included:

- petroleum supply, pricing and related issues;
- a presentation on Oregon's petroleum industrial sanctuary;

- the Metro area's Cost of Congestion study;
- the updated Oregon Transportation Plan;
- a preliminary presentation on the state's Commodity Flow Study; and
- a briefing about the Oregon Department of Aviation and its programs.

Research

FY 2006-2007

The current federal transportation authorization bill, SAFETEA-LU, funded a nationwide University Transportation Center (UTC) program; Oregon's is based at Portland State University. Federal research funds are to be funneled through the UTC and require matching funds. If they select projects of interest to ODOT, then ODOT Research may provide these funds. Since the Oregon UTC is still being established, the project selection process has yet to occur. Among these are three freight (i.e. Integrated Multimodal) projects recommended by OFAC:

- Economic Importance of Freight Transportation
- Freight Performance Measures: Approach Analysis
- Truck Traffic Volumes on Designated Pacific Freight Highways

FY 2007-2008

The following problem statements were submitted by OFAC to ODOT Research in December 2006, based on recommendations from the Policy Subcommittee:

- Multi-Modal Investment Criteria and Freight's Economic Importance
- Truck Traffic Volumes on Designated Freight Highways in the Pacific Northwest
- Short Sea Shipping as an Alternative to Truck Transport

Statewide Outreach and Dialogue

Area Commissions on Transportation

OFAC's primary outreach to the Area Commissions on Transportation (ACTs) was through the *ConnectOregon* process. In fall 2005, ODOT staff met with all ten ACTs and Lane County (as well as 40 other groups), to explain the new legislation. Later, members and staff worked with the ACTs as they formed "SuperACTs" to review and rank project applications. OFAC coordination with the ACTs continued through the Consensus Committee meetings, which were composed of members from each SuperACT as well as the modal committees, including nine OFAC representatives out of the 28 total members (32 percent) on the Committee. This outreach resulted in ACT members who are better informed on the important role efficient freight movement plays in a sound economy. Outreach by staff and members continues to address such topics as debriefing on *ConnectOregon*, improved STIP processes to ensure freight projects are appropriately included and the upcoming Freight Plan.

MPOs

Several OFAC members serve on MPOs and ACTs around the state and help with statewide communication of the freight message. OFAC determined in December 2006 to work more closely with the ACTs in the future, and to provide input to future MPO Transportation Improvement Programs (MTIPs).

Statewide Marine Transportation

The Committee has a number of members from the marine mode and makes a considerable effort to stay educated about, and coordinate with, statewide river and seaport issues. Members attend the Pacific Northwest Waterways Association, Ports Quarterly (organized by OECDD) and other advocacy and stakeholder organization meetings as well as making presentations to OFAC as a whole.

Port of Portland

A good working relationship with the Port of Portland is vital, given its central role in freight transportation for all of Oregon. OFAC maintains that relationship in a number of ways. A key Port employee, Susie Lahsene, Manager of Public Affairs, has been an active member of OFAC for years and currently serves as its Vice Chair as well as chairing the Policy Subcommittee. ODOT staff work closely with Port staff on issues of data, research and policy.

Portland Metro/City of Portland

Metro, Portland's Metropolitan Planning Organization, embarked on a regional Freight Plan in early 2005 as part of its Regional Transportation Plan. Several OFAC members are active on its industry Task Force, and ODOT staff attends its Technical Committee meetings. Portland, Oregon's largest city, is home to a significant amount of the state's economic and freight activity. In recent years, the city has established its own freight advisory committee, attended by many OFAC members. It has developed a Freight Master Plan (2005) and participated in a 2006 Cost of Congestion study. The goal is for the Portland city, metropolitan and state freight planning efforts to be as closely coordinated as possible.

Oregon Department of Aviation

The relationship with the air freight element of Oregon's freight transportation system is being strengthened as the aviation freight mode grows in importance. The Chair of the State Aviation Board, Mike Burrill, is an OFAC member, as is Carrie Novick, Redmond Airport Manager and Aviation Board member, and the ODA director, Robert Hidley. Through the *ConnectOregon* program in particular, there is frequent ODOT-ODA staff discussion about issues and projects of mutual concern. The upcoming Freight Plan will build on the extensive research and analysis being conducted currently for the state as it updates its State Aviation System Plan.

Oregon Department of Agriculture

Farms, ranches and nurseries are significant elements of the state's economic profile. Eighty percent of the state's agricultural products are shipped out of state. It is critical that OFAC be in close communication with the Department of Agriculture (ODOA) and private stakeholders. OFAC membership includes a representative from ODOA as well as the Farm Bureau, Wheat Growers League, Association of Nurseries, a hay grower, and a livestock auction firm.

Oregon Department of Economic and Community Development

Transportation and economic prosperity are inextricably linked. Oregon's producers must be able to get natural resource and manufactured products to market; Oregon's consumers must be able to get food, gasoline and a host of other supplies for daily life; and Oregon's freight system helps accomplish both of these goals by serving local, regional and national markets. In addition, the state's freight system brings goods from the Pacific Rim to the Pacific Northwest and points east. In the past year, this relationship between economic development and transportation has been strengthened by the creation of a joint OECD-ODOT position to address economic issues and movement. Synergies and joint projects are being explored and the Committee expects to see a continuing emphasis on keeping the economy healthy through an effective freight movement system.

Federal and Multi-State Liaison and Dialogue

"TEA-4" Federal Authorization Commission

On behalf of OFAC, ODOT Freight Mobility staff participated on the Surface Transportation Funding & Finance team for AASHTO'S Policy Process & Federal Surface Transportation Commission, established to develop recommendations for the next authorization. The team provided feedback on the federal government's role in multimodal system development and future program structures, as well as input to the final document for the U.S. Department of Transportation.

West Coast Corridor Coalition

Several OFAC members belong to the 10-member Oregon Caucus of this multi-state organization (currently Oregon, Washington, California and Alaska). ODOT's Freight Mobility Manager also reports periodically to the Committee as ODOT's WCCC liaison regarding the organization's priorities and initiatives.

Columbia River Crossing

A new Columbia River Crossing project is the largest statewide and regionally significant project on ODOT's radar, offering an important new capacity element for truck movements and presenting many multimodal challenges. SAFETEA-LU designated earmarks totaling over \$25 million, and the I-5 Transportation and Trade Partnership continues to meet to develop potential solutions. The Environmental Impact Statement process has begun, examining alternative alignments.

Corridors of the Future

SAFETEA-LU also authorized grants for investment in up to five multimodal, preferably multi-state, new or existing corridors to relieve congestion and improve mobility. Applicants are encouraged to partner with private sector partners as appropriate, as well as seek other financing options. ODOT submitted a proposal for I-5 in October, with an April 2007 application to follow if the project is selected to continue.

Freight Intermodal Distribution Program

SAFETEA-LU gave a select number of states, including Oregon, each a \$5 million demonstration grant to facilitate intermodal freight transportation initiatives to relieve congestion and improve safety.

Statewide Freight Plan

ODOT's first statewide Freight Plan has been under discussion for the past several months. It will focus on an Action Plan to relieve statewide bottlenecks in the modes and will offer prioritization methods to invest limited future resources for maximum economic benefit and provide predictability for needed projects. It is estimated that the Freight Plan will take approximately 18 months to complete, through a combination of consultant and staff work. The OTC provided input at its October 2006 meeting, strongly recommending fast-tracking the analytical portion of the work and focusing on the problem-solving part since there is some urgency in developing solutions and targeting future investments accordingly.

Freight Committee Support

Since its inception in the late 1990s, OFAC has been provided with ODOT staff support. That support has shifted within the agency until the Freight Mobility Section was established in 2004, at which point the Section was assigned as dedicated staff to support the Committee and its various subcommittees. Staff is working closely with the Committee and Subcommittee Chairs and members to ensure that meeting topics are timely and further the mission of the Committee.

C. LOOKING AHEAD

Overview

Many challenges face the Oregon transportation system, and the specific needs of the freight system create part of the pressure for improvements. Truck traffic in particular is predicted to more than double in the next two decades, as Oregon is a key export state as well as being an important north-south and east-west corridor state for the distribution of goods from Mexico to Canada and back, and from Asia to points east in the U.S. Rail system, which has been looked to in the past as a reliever for the highway system, is at or close to capacity and has its own critical bottlenecks and aging infrastructure in many parts of the state. It is important to recognize that these and other factors help determine whether a mode shift from truck to railroad will actually occur. These ‘other factors’ include effective service, rates, shipper proximity to a rail line and the willingness of the railroad to accept the new freight. Looking ahead, the most important issues for a healthy Oregon freight system include:

- developing methods to prioritize scarce investment dollars to locations that most benefit the Oregon economy;
- reducing barriers to make more effective 24-hour/7-day use of the existing transportation system for goods movement;
- developing stable long-term funding sources for both public and private sector system investments;
- linking to the Certified Industrial Sites work by OECDD; and
- ensuring that freight considerations are taken into account when ODOT, the OTC, the Legislature and other entities make transportation policy and investment decisions.

Key Challenges

Critical Needs Lists & Prioritization

Through its work in providing input to the *ConnectOregon* project selection process, as well as to the last three STIPs, OFAC has highway and non-highway priority lists available to address critical bottlenecks and congested areas and facilitate freight mobility. The OECDD and ODA staff attend OFAC meetings and bring knowledge of needs in the marine and aviation modes, economic development and the agricultural industry. Despite a variety of fire-walled funding mechanisms, the challenge ahead is to create a buildable, sustainable freight system improvements program based on these critical needs. This will require prioritization and increased funding.

Funding

OFAC members have been instrumental in advising ODOT on the unsustainable nature of current transportation system funding streams. In the forthcoming Freight Plan, OFAC will assist ODOT staff in researching and developing proposals for future, sustainable funding strategies.

Rail Access – Class I Railroads

OFAC members have continually raised the issue of Class I Railroads' evolving business model which seeks long-haul tendered in unit trains based on commodity or destination (“hook-and-haul”) in preference to either short-haul traffic or growing, so-called “loose carloads” from small shippers that are labor-intensive to gather and distribute. This has been brought about by the significant growth in rail traffic and the natural tendency by Class I carriers to select the most profitable shipments and discourage less profitable business (by increasing rates for the latter). Thus the perceived opportunity to transition more freight from highway to rail will be challenging for Oregon and other strategies must be explored, including state-level influence on rail funding priorities.

Rail Access – Short Line Railroads

The short line railroads in Oregon are eager to grow their business volumes, but significant interstate opportunities are limited by what the Class I railroads are willing to accept. Short lines that can offer a value-added service for their Class I connections, such as grouping blocks of cars by destination, will fare better in serving unmet shipper needs. Working together, short lines may be able to attract new truck-competitive intrastate traffic requiring limited use of Class I systems. Otherwise, need for substantial access to these systems limits their options and, with limited resources and non-contiguous infrastructure themselves, they will have difficulty putting together competitive packages to move freight beyond their local territories. Therefore, strategies such as public investment in private infrastructure will need to be explored.

Rapidly Changing Supply Chains

Not only in Oregon but nationwide, the freight transportation system is volatile and changing daily as national and international corporations make supply chain decisions that alter demands on the system. The pace of change in the private sector makes it difficult for the public sector to keep up with information and strategies in response.

Growth Trends in the Short Run and Many Uncertainties in the Long Run

The freight transportation sector is experiencing strong growth pressures, due in large part to the rapid and significant growth in international trade. Causes behind this growth include: international trade agreements; US and Oregon population growth; the U.S. consumption-oriented lifestyle; the role of Oregon as a gateway for imports to Chicago and points east; and to some extent, in the opposite direction, the growing Asian and South American middle classes as customer bases for more U.S. exports. Forecasting freight for the long run is a technical challenge and the required methodology and data needs will involve public and private sector collaboration to ensure a credible result.

Other Challenges

- need for more investment in short and long haul rail lines;
- Columbia River dredging and deepening for larger vessel, dual pilotage requirements (bar and river), jetties crumbling;
- marine access and maintenance statewide, coastal and river;
- the relationship of the ACTs and OFAC in developing freight project needs;

- congestion and capacity bottlenecks;
- pressures created by just-in-time delivery plans, where shippers use the transportation network as warehouse and expect highly specific delivery windows;
- larger equipment adopted by all the major modes, and expectations that the public/semi-public infrastructure will readily handle these heavier and longer trucks, #286 railcars, post-Panamax ships, etc;
- weak public-private partnership models, which vary considerably mode to mode;
- Looming funding crisis – state gas tax buying power projected to shrink 40 per cent in 20 years; federal Highway Trust Fund expects a \$2.3 billion shortfall by 2009-2010. A separate challenge is inadequate funding levels and a reliable source for the marine sector;
- the need for Transportation System Management strategies, making better use of what’s already built before building more, is patchy and inconsistent, not fully exploited by mode, by area and by event; and
- educating stakeholders and the general public to make freight part of everyday thinking.

Next Steps in 2007 and Beyond

Six areas stand out above all other Committee priorities -- addressing them requires continued public-private collaboration through OFAC and other channels:

Freight Plan

The Committee’s top focus in the coming year and into 2008 will be the Freight Plan, a commitment in its Bylaws. Given the national and statewide transportation funding challenges, a key focus will be freight-based considerations for investments and development of an action plan that includes both infrastructure and policy elements. With OFAC’s guidance, the OTC will be better prepared to set the multimodal freight-based agenda for Oregon. This will include development of reliable long-term forecasting methodologies.

STIP Development and Tracking

The input of freight-related projects into STIPs through OFAC recommendations to ODOT, OTC and ACTs will continue, as will STIP tracking, to monitor how well freight projects are implemented in successive STIPs. OFAC will recommend corrective actions to keep freight projects moving toward implementation. The Committee has begun to discuss the need for its membership and staff to spend more time with ACTs around the state explaining freight needs as each new STIP cycle begins.

“TEA-4” and Other Federal Funding Programs

The Committee will continue to closely monitor, and make input to, discussions about freight funding in the next federal freight legislation, including the renewal of SAFETEA-LU (referred to as “TEA-4”) as well as the funding for modes not included in that legislation, such as the Army Corps of Engineers and Federal Aviation Agency funding.

West Coast Corridor Coalition

ODOT will continue to participate in this organization as long as it provides benefit. The intent is to continue exploring joint operational, research and information sharing initiatives and, if appropriate, regional Congressional funding advocacy.

Freight Education and Communication

A focus in this important area will continue, with the Committee looking for high quality technical presentations for committee meetings. OFAC's directives to staff will likely focus on internal education and liaison within ODOT and other state agencies. The Freight Plan work will accomplish much of this education but should not be the only means of increasing awareness of freight system issues and needs.

ConnectOregon

If a second *ConnectOregon* bill passes the 2007 Legislature, then OFAC and ODOT staff are likely to be once again heavily involved in the application development and selection processes. *ConnectOregon* represents a modest opportunity for enhancing predictability of funding cycles in the longer term, a condition freight stakeholders agree is much needed throughout the transportation system.