

**OREGON FREIGHT ADVISORY COMMITTEE (OFAC)
MEETING NOTES**

December 6, 2006 * 1:30 – 4:30 p.m.

ODOT Region 1 Headquarters

Portland, OR 97209

1. Call to Order / Introductions

Susie Lahsene, Vice Chair, called the meeting to order at 1:45 p.m., and self-introductions were made by OFAC members and guests.

2. October 4, 2006 Meeting Notes & Follow Up

The October 4, 2006 meeting notes were unanimously accepted.

3. Role of Army Corps of Engineers in Freight Movements in Oregon... Sheryl Carrubba, Operations Manager for Channels & Harbors in Portland District

Background: The Army Corps of Engineers is tasked with maintaining navigability at America's coastal and river ports. Its ability to do so affects not just maritime, but other modes as well.

Attachments: Handouts at meeting.

Action sought: Information.

Federal infrastructure and O&M funding is a complex process: the Congressional Committee on Appropriations (and other committees) review the budget and sometimes add or subtract funds. Very few earmarks are allowed on the Congressional side, but many earmarks have gone in on the Senate side. For the past 3 years, we have had omnibus appropriations bills; there is a continuing resolution now and there is hope for a bill by 2-15-07, which will already be halfway through the fiscal year. Under the resolution, they can expend the lesser of the 2006 appropriations, the President's proposed budget or the House mark-up of a 2007 appropriations bill. Bob Hidley, Aviation Director, asked if funding is from the General Fund; Ms. Carrubba confirmed it is the Harbor Maintenance trust fund (a general fund) that taxes imports and domestic goods. Arlene Dietz, Consultant, who was in attendance, helped with the original legislation to develop the fund.

Bob Russell, Oregon Trucking Associations, asked if the planned Liquid Natural Gas (LNG) facilities had received approvals from the Corps regarding channel sufficiency. Ms. Carrubba thought reviews to date have been performed by the Coast Guard for basic usability and suitability; as facilities are licensed, there will be further review. Susie Lahsene, Vice Chair/Port of Portland, informed the group about a scoping meeting tomorrow evening at 7:00 at the Port of Portland (POP) on the Willamette Dredge Maintenance Plan: maintenance of a 40' channel is needed and dredging has not been performed since 1995. Scoping is part of the NEPA process, including obtaining public and stakeholder feedback. Much preliminary work is done to identify disposal sites; if

clean sand is dredged, it shouldn't be deposited in a disposal site which is needed for dirty material. With no problems, the earliest dredging would be fall of 2008 (FY 2009). Dredging can't occur at POP Terminal 2, as there are already controversial impacts occurring there.

Rob Mathers, Kinder Morgan, asked about any problems with fuel imports and how much comes in on the Willamette (and not just through POP Terminal 4). Ms. Carrubba indicated about 1/3 of Oregon's liquid petroleum supply is now moving in by barge (vs. pipeline), since the Olympic Pipeline coming from Washington State has been at capacity for some time. A major issue is shoaling on the lower Willamette: the Corps has two dredges that can't dock because it is too shallow. There are also ships coming in from California with jet fuel (lighter from ship to barge), all pointing at the channel and various berths needing to be kept at the 40' level. The pipeline is a prorated line: they have no additional capacity. Ms. Lahsene emphasized the importance of the business community coming out to venues like the scoping meeting where freight transportation is significantly impacted. Kinder-Morgan indicated they will support the Corps at the meeting, and Mr. Mathers encouraged members to do the same as it is often "out there on its own" and the public comment that is often delivered is "not the most complimentary".

Jerry Grossnickle, Bernert Barge Lines, indicated the Snake River Environmental Impact Statement (EIS) ran into lots of problems and had to be rewritten because of cumulative impacts and alternatives – we should try to avoid this in Portland. Craig Greenleaf, ODOT TDD Administrator, reminded the group that project weighting has moved from local to national prioritization: it may change the nature of the lobbying necessary to obtain financial support because we are competing against large ports throughout the country (especially for jetty maintenance). Ms. Carrubba agreed, with a recognition that small Oregon coastal ports will never compete with Long Beach (CA). This year, out of \$115 million nationally, Oregon only got \$5M – and a large part of that is used for search and rescue. It will not address the larger structural issues; that funding will have to come from earmarks. Glenn Vanselow, Pacific Northwest Waterways Association, informed the group that the region has only Senators Craig and Murray (from Washington state) on its transportation committees; and Senator Craig is somewhat negative towards Oregon because of his stance on the salmon issue. There is no regional House representation.

Follow-up: FMS staff will further research Mr. Russell's question about LNG facility channel sufficiency.

4. Policy Subcommittee Report #1 – Annual Report to OTC

Ms. Rodwell provided a draft report for presentation to the OTC at its meeting mid-January; the deadline for OTC submission is December 15, so OFAC members were encouraged to provide any suggestions, comments or changes by Monday morning, December 11. Ms. Rodwell, at Ms. Lahsene's request, then summarized the comments from the Policy Subcommittee meeting that took place immediately prior to the full OFAC meeting, at which the draft report had been reviewed.

Under *Overview* (Importance of Freight), the subcommittee recommended saying more about how Oregon ranks nationally as a trade dependent state, focusing on exports as well as its throughput role. ODOT Freight Mobility Section (FMS) staff will research the FHWA website, AASHTO's Bottom Line Report, etc. for more current citations. Under *Looking Ahead*, a bullet will be added regarding coordination with the private sector. In *Improving the Freight System*, Ms. Lahsene felt it was important to note that OFAC originally worked from project lists submitted by ACTs and other stakeholders. Some subcommittee members felt the highway component was lengthy compared with other modes. Historically, there has been a focus on highways; with *ConnectOregon*, we are developing more of a multimodal focus.

In *Creating a Greater Understanding of Freight* (Statewide Outreach and Dialogue), some subcommittee members thought the interaction sounded too Portland centric; Ms. Rodwell will strengthen that section from dialogue with MPOs, ODOT's Planning Business Line Team (PBLT), etc. Goods movement importance to daily lives should also be emphasized. Under *Other Challenges*, it was suggested to discuss additional factors affecting long-term growth, including possible paradigm shifts in the public and private sectors. Emphasized again were communication about the importance of freight and collaboration with the private sector. Under *Next Steps* (Freight Plan), it was suggested again to mention forecasting and the difficulties of coming up with a long-term forecast. Finally, there was general agreement to omit the appendices from the final report.

Motion: Glenn Vanselow made a motion that OFAC approve the Policy Subcommittee's recommendations (and subsequent OFAC recommendations as ODOT FMS staff sees fit) and forward the final report for the January OTC meeting. Charlie Tindall seconded the motion.

Vote: Motion passed unanimously.

Follow-up: FMS staff will research and implement suggestions.

5. Policy Subcommittee Report #2 – Research Statements

Ms. Lahsene provided an overview of the ODOT Research problem statements reviewed by the Policy Subcommittee at the meeting immediately prior to the full OFAC meeting. The Statements require OFAC approval for submission by the December 15 deadline. Subcommittee members recommended that the combined #2, Economic Criteria for Transportation Investments, and #4, Multimodal Freight Investment Criteria, was their top priority, and #1 and #5 had equal support for next priority. Statement #1, Truck Traffic Volumes on Designated Freight Highways, was recommended to help improve West Coast connectivity and standardized data collection. Statement #5, Short Sea Shipping, is being promoted as an alternative to truck transport by the barge and timber industries and MARAD. These three statements were recommended for OFAC approval.

Of the six problem statements submitted, two were not endorsed: it was felt that *The Impact of Changing Oil Prices* would not be timely as a research project and will be addressed as part of the upcoming statewide freight plan; regarding *Public Benefits of the*

ConnectOregon program, it was felt there will be a state-agency performance evaluation as part of the program.

Ann Hanus, Oregon Economic & Community Development Department, developed statement #2; she will confer with Steve Kale (who previously submitted #4) on merging them into a final statement. Regarding Short Sea Shipping as an alternative to truck transport, some members suggested that inventory and transportation costs would not be that much less, since transport time is longer; it will help to have the economics of using different modes.

Jerri Bohard, incoming TDD Administrator, explained the ODOT Research evaluation and selection process. The Research unit expects to receive approximately 150 statements. Various Expert Task Groups review the submissions, and each selects 2-4 statements to be presented to the Research Advisory Committee (RAC) for final selection. Jerri sits on the Planning Policy and Economic Analysis group; Integrated Multimodal is the other group most applicable to freight. The timeline has changed a little: from the transportation reauthorization bill, Oregon now has a University Transportation Center (based at PSU), and money coming to the UTC can be used as match for potentially more research projects. The RAC will select the final projects the first week of April 2007; if one of OFAC's projects were to be selected, the sponsor(s) would be asked to give a presentation in front of the RAC.

Several comments were then made about the value of freight research and data improvements. Mike Montero, Montero & Associates, indicated that State Representative Morgan has put together a trade transportation task force to bring southwest Oregon (ODOT Region 3) counties together to identify issues; it is a regional precursor to the focus of the criteria statements. They are looking at ways to partner public and private investments to prop up the economy, and there are multiple freight modal opportunities: (CORP) short line rail, (Medford) international airport, port (e.g. Coos Bay) and the highway system. A key question: is there a way to take each of the modes in a region, develop a list of projects and get cost estimates that will optimize the multimodal system? On the highway side, we have regional transportation plans; ports and airports have master plans; and there are regional economic models. What would be the collective impact to the state if a private economic private project was to come along; what public investments would have to be included? It gives a reasonable forecast over time to the region and state economies; their (Boston) consultant took this from their national model. Mr. Russell suggested this kind of model be developed and utilized in the statewide freight plan.

Mike Quilty, Rogue Valley Council of Governments, reported from the West Coast Corridor Coalition (WCCC) meeting that the states realize the need to coordinate data collection systems, particularly for commodity flows. WCCC and the Transportation Research Board are good places to tie data acquisition systems together so that everyone can use it as well as determine the information we need to go out and find; the current freight data frameworks that we have today are not very good. Ms. Bohard suggested adding the West Coast Corridor Coalition to sponsor the combined criteria statements.

Motion: Tracy Ann Whalen made a motion that OFAC approve the Policy Subcommittee's recommendations and forward the recommended Problem Statements to ODOT. Charlie Tindall seconded the motion.

Vote: Motion passed unanimously.

Follow-up: Ensure the Region 3 model will be referenced in the statewide freight plan. FMS staff will ultimately add the West Coast Corridor Coalition as a sponsor of the combined criteria statements.

6. Policy Subcommittee Report #3– OFAC Input to MTIPs

Karen Green, ODOT FMS Planner, indicated at the last Projects Subcommittee meeting that, while reviewing STIP projects, it became appropriate to provide input to Portland Metro's Transportation Improvement Program (TIP); the STIP and MTIPs are routinely coordinated to prevent duplication. It was ultimately suggested that OFAC provide input to MPO TIPs statewide, though members felt this should be a Policy Subcommittee decision; the Policy Subcommittee agreed and seeks OFAC approval. Mr. Montero and Mr. Quilty voiced their support, suggesting OFAC would provide valuable technical input to the MPOs (the "economic drivers" for our communities). Ms. Green indicated that Central Lane MPO representatives (who had already left the meeting) had voiced the same sentiment on multiple previous occasions.

Motion: Mike Quilty made a motion that OFAC approve the Policy Subcommittee's resolution that the Projects Subcommittee provide input to MTIPs statewide as resources allow. Mike Montero seconded the motion.

Vote: Motion passed unanimously.

Follow-up: FMS staff will develop a calendar for Projects Subcommittee input to the remaining (five) MTIPs in 2007 and beyond.

7. Projects Subcommittee Report

Martin Callery, Projects Subcommittee Chair, referenced the OFAC letter sent to ODOT regarding the draft 2008-2011 STIP (by the November 30 deadline), seeking member ratification. He noted that participation in the ACT STIP process was deleted from the letter, due to lack of member consensus on exactly how this should occur. He suggested one reason for working together is education: transportation users and providers need to be on the ACTs to share technical information and ACTs only look at projects in their own area. Mr. Russell felt the process would be much smoother if OFAC didn't try to work with the ACTs. Mr. Callery thought collaboration would help to provide the best possible input to the OTC, and that the subject would need to be resolved at a future date.

Motion: Martin Callery made a motion that OFAC ratify the letter sent to ODOT regarding the draft 2008-2011 STIP. Mike Montero seconded the motion.

Vote: Motion passed unanimously.

Follow-up: An OFAC officer/sponsor meeting will be scheduled in January to determine (among other items) interactions with the ACTs, including ongoing input to the ODOT STIP. FMS staff will complete STIP letter distribution.

Mr. Callery went on to reference the OFAC letter sent to Portland Metro regarding the draft 2008-2011 MTIP (by the November 30 deadline), and needing member ratification. (The Subcommittee didn't originally intend to provide MTIP input but, as discussed previously, ODOT Region 1 STIP review necessitated MTIP input.)

Motion: Martin Callery motioned, and Mike Quilty seconded the motion, that OFAC approve the letter sent to Metro regarding the draft 2008-2011 MTIP.

Vote: Motion passed unanimously.

Follow-up: FMS staff will complete MTIP letter distribution.

Thirdly, Mr. Callery noted the Subcommittee approved additional local bridges from the original OTIA III list for funding; about \$16 million has been returned primarily due to bridge replacements being downgraded to rehabilitations. The remaining 40+ bridges were prioritized based on freight movement, barrier removal and bridge condition. OFAC will be consulted again if returns exceed current expectations.

Motion: It was motioned and seconded that ODOT adopt the local bridge project list as recommended by the Subcommittee.

Vote: Motion passed unanimously.

Follow-up: FMS staff will notify ODOT Local Bridge staff of the approval.

8. Round Table / Agenda Building

Ms. Lahsene noted that Craig Greenleaf is retiring at the end of the year and thanked him for all his hard work with this committee and his many years of work with ODOT. She also recognized Ms. Bohard, who is transitioning in as TDD Administrator. Ms. Bohard indicated that, as Manager of Planning, she has worked with freight issues as part of the new Oregon Transportation Plan and is looking forward to working with OFAC.

Deena Platman, Metro Freight Planner, summarized Metro's current RTP, MTIP and freight plan initiatives.

Gary Neal, Port of Morrow, mentioned that Pacific Ethanol is under construction at the Port, scheduled for completion by June 2007 with plans to produce approximately 42 million gallons of ethanol per year. They also anticipate breaking ground on a biodiesel

plant in mid-January to produce about 50 million gallons of biodiesel per year; Altra Biofuels has a 4-6 month construction schedule and should also be online by mid 2007.

Mr. Mathers reported on a meeting that morning with BNSF and the City of Portland regarding the proposed closing of Balboa Street at US 30: the main focus is safety vs. impacts on the industrial area if closure was to take place. Since the involved parties are not in agreement, the situation will go to an administrative law judge; Ms. Rodwell has perceived a lack of hard data on either side; Ms. Platman confirmed the City will be the lead agency for freight stakeholder input.

Ms. Platman also reported that the Portland City Council voted unanimously to adopt a renewable fuel standard that goes into effect 11-1-2007: a 5% biodiesel blend will be made available to the public and be required for all city vehicles. Mr. Mathers testified that his customers would prefer a broader, regional mandate that would protect the Portland energy cluster (e.g. Linnton).

Mr. Quilty, again referencing the recent WCCC meeting, said Cambridge Systematics (led by Michael Fischer) was hired as a research adviser and will testify as part of a coalition to the SAFETEA-LU 12-member board in Los Angeles in February. They are trying to get appropriations in the form of systemwide benefits for freight corridors, including a new type of bridge piling that mitigates runoff going into the river, information kiosks for the trucking industry (weather, parking, print permits), etc. Things are looking much better now than 12 months ago; they are starting to move forward.

Mr. Montero reiterated the earlier discussion that OFAC technical input (well in advance of the STIP) would be valuable to the ACTs.

Mr. Callery announced that the Jordan Cove Energy LNG facility will submit its final draft EIS sometime in the first quarter of 2007; it then enters a (theoretical) 10-month permit review. The pipeline and terminal are separate projects. There is opposition for both, but the pipeline project has received approximately 85% approval from residents along the property lines, to at least allow surveyors on the properties; he thinks the public generally sees the projects bringing positive benefit to community. Ground breaking would be in 2008 with a 3-year construction period.

Ms. Lahsene reported that the Portland-Vancouver trade capacity study will be presented to the Port Commission on December 13.

Mr. Grossnickle noted the Columbia River Crossing (CRC) project has presented four EIS alternatives, and asked if OFAC wanted to comment to the task force; there are some other good freight ideas that are on the table that OFAC should also support. The next meeting will be January 24, 2007. It was agreed to form a special Subcommittee to make recommendations to the CRC committee.

Ms. Dietz followed up on the Corps presentation and subsequent marine discussion, reporting that the Federal harbor maintenance trust fund is well over \$3 billion. These

are funds obtained partly from shippers to pay for harbor maintenance; importers are also paying into the fund. Beyond approximately \$700 million per year (nationwide), the fund has primarily been scheduled to help offset the Federal budget deficit. The Office of Budget and Management is implementing this decision, which reverses the approach agreed to by Congress for many years and especially impacts the smaller Oregon ports. She encouraged all stakeholders to communicate their concerns as appropriate.

Follow-up: OFAC's CRC committee will consist of: Martin Callery, Jerry Grossnickle, Susie Lahsene, Mike Montero, Deena Platman, Mike Quilty, Bob Russell, Charlie Tindall and Tracy Ann Whalen.

9. Other Business

Ms. Rodwell contributed the following items:

1. As Cary Goodman has transferred to the Rail Division, FMS is recruiting for this position, seeking preferably someone with an economic background;
2. A draft *ConnectOregon II* bill has been sent forth by the governor's office, proposed in the same form as ratified last session -- the preliminary governor's budget includes another \$100 million for *ConnectOregon II*;
3. A request from the Oregon Association of Counties to change the regular meeting date (as it conflicts with their Board meetings) was discussed; however, given the many other calendars that must be coordinated and the longstanding commitment to meeting on first Wednesdays, there was no support for changing the OFAC meeting dates/times;
4. Reiterated the OTC report is going to the commissioners at the January 2007 meeting – she will send out confirming email to membership;
5. A 3-person expert panel will conduct the OTC workshop session on February 21st, followed by a stakeholder dinner that evening;
6. The Freight Mobility Section seeks to provide calendar events, but there is not a consistent process for receiving inputs-- if members have an event of interest to the freight community, Ms. Rodwell requested they send it to FMS for inclusion in agenda packets; and
7. The next meeting is March 7, 2007 and will include updates on the Region 3 economic study and Metro freight plan (both referenced herein).

Follow-up: FMS staff will send out confirming email to membership that OTC report has been sent to commissioners. Event information provided by members will be added to the calendar.

10. Adjournment

The OFAC business meeting was adjourned at 4:10 p.m.

**Oregon Freight Advisory Committee (OFAC)
December 6, 2006 Meeting Attendees**

OFAC Members (General, Associate, & Alternate)

Anne Ballew	Eugene-Springfield MPO
Martin Callery	Oregon International Port of Coos Bay
Gary Cardwell	Northwest Container Services
Chris Cummings	Oregon Department of Aviation
Jerry Grossnickle	Bernert Barge Lines, Inc.
Ann Hanus	Oregon Economic and Community Development
Robert Hidley	Oregon Department of Aviation
Susie Lahsene	Port of Portland
Robert Mathers	Kinder Morgan Energy Partners
Michael Montero	Montero & Associates, LLC
Gary Neal	Port of Morrow
Vernon Neil	Pendleton Grain Growers, Inc.
Tracy Ann Whalen	ESCO Corporation

ODOT

Craig Greenleaf	TDD Administrator
Jerri Bohard	TDD Planning Manager (Newly Appointed Administrator)
Julie Rodwell	Freight Mobility Manager
Karen Green	Freight Mobility Senior Planner
Teddie Baker	Operations & Policy Analyst

Guests