Background Brief on …

Oregon Ports

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Oregon's system of 23 public ports plays an important role in the state's economy. Ports are the gateways through which Oregon products, as well as those of much of the western United States, begin their journey to markets throughout the world. The state's agricultural, timber, and manufacturing industries rely on ports, in coordination with all modes of transportation, to move their goods. Goods from throughout the world also arrive at Oregon ports to be distributed throughout Oregon and the United States.

Oregon's 9 ports on the Columbia River make up one-quarter of the 36-port Columbia-Snake system, along with 1 in Idaho and 26 in Washington. The three ports on the lower Columbia, Astoria, St. Helens, and Portland, are deep water ports. Over 14 million tons of goods move annually through the Port of Portland's marine terminals. Oregon also has 14 coastal ports, including the deep water ports of Newport and the Oregon International Port of Coos Bay.

Ports are a critical part of the state's multimodal freight transportation system. Multimodal refers to the fact that goods may be transferred between ships, barges, trains, aircraft and trucks on their way from production facilities to markets. Goods are generally transported in one of four forms:

- Bulk: examples include grain, potash, or wood chips
- Liquid bulk: items such as crude oil, petroleum products and liquid natural gas
- Break bulk: carried in bags, crates, boxes, or on pallets; or
- Containers: large metal boxes that can be customized for a variety of goods and can be mechanically moved between modes of transportation

Port districts also play an active role in economic development. Ports create and maintain industrial and commercial infrastructure in surrounding areas. They own and develop industrial parks for lease to private companies and help to maintain transportation infrastructure. Their role in attracting jobs and private investment is especially beneficial to rural areas where industrial infrastructure might not otherwise be developed. Several Oregon ports also operate air terminals and railroads in addition to marine facilities.

Oregon's public ports are also important to state tourism and the commercial and recreational fishing industries. Ports develop and

own marine and land-side infrastructure necessary to support thousands of fishing and leisure boats. The ports are a primary link in getting Oregon seafood products to domestic and international markets.

Oregon's ports are incorporated special local districts, regulated under Oregon Revised Statutes **(ORS)** chapter 777 and 778 (Port of Portland only). Ports are run by locally elected boards of commissioners (except for the Port of Portland and the Oregon International Port of Coos Bay, whose boards are appointed by the Governor), and are authorized to generate income through bonding, user fees, taxation, and other sources.

Because of differences in waterway conditions, surrounding transportation infrastructure, and goods shipped, each port faces different issues. For example, forest products make up 99 percent of the tonnage shipped from the Oregon International Port of Coos Bay while accounting for only 8 percent of commodities on the Columbia River, where the single largest commodity is wheat. The Lower Columbia is first in the nation in wheat exports and second in the world as a grain export center.

Infrastructure Improvements

Port managers continually seek ways to upgrade their infrastructure. Since ports are but one part of a multimodal system, it is vital that rail and highway connections be maintained and, where possible, enhanced. Achieving seamless movement of goods across transportation modes and geographical regions minimizes transportation costs, thereby making Oregon's ports and Oregon's products more competitive. Port needs include rail improvements, road access expansion, and terminal expansion and improvement.

The navigation channel and bars of most ports must be dredged periodically to maintain their depths due to natural buildup of silt deposits. Coastal jetties also require periodic maintenance in order to protect navigational access to smaller ports and harbors. Federal funding for maintenance dredging of some of Oregon's shallow draft fishing ports is threatened annually with reduction or elimination. The Legislature expanded the Marine Navigation Improvement Fund in 2003 to help provide local matching funds needed to obtain federal dollars for navigation projects.

In 1999, the Legislature authorized $45 million in lottery bonds for local commercial and industrial infrastructure projects, including port facilities (House Bill 2153). House Bill 3364 (2001) created the Oregon Freight Advisory Committee to advise the Oregon Department of Transportation **(ODOT)** on freight transportation policies and programs. House Bill 3446 (2003) provided $3.5 million in lottery bond capacity for small port dredging purposes.

During the 2005 Legislative Session, ConnectOregon was created as a $100 million lottery-bond-based initiative to invest in air, rail, marine, and transit infrastructure to ensure that Oregon's transportation system is strong, diverse and efficient. Ensuing projects focused on connections between the highway system and other modes of transportation. The projects were distributed statewide and selected by the Oregon Transportation Commission **(OTC)** with the use of criteria specified in statute along with stakeholder and regional transportation advisory committee consultation. An additional requirement was that 15 percent of the proceeds were to be spent in each of ODOT's 5 regions.

Following the sale of the $100 million bonds approved in 2005, 41 projects were funded. All have proceeded at least to the design phase, and several are currently under construction. Port projects receiving ConnectOregon funds include the barge intermodal transportation facility at the Port of Arlington, the upland distribution center at the Port of Umatilla, the southport barge slip redevelopment project at the International Port of Coos Bay (completed December 2007), the Newport International Terminal at the Port of Newport, Terminal 3 intermodal marine transportation improvements at the Port of Morrow, the Port Westward industrial intermodal rail project at Port of St. Helens, the Ramsey rail

yard improvements and installation of a fourth post-panamax crane for Terminal-6 at Port of Portland, and the Teevin Terminal mooring dolphins for Teevin Bros., in Rainier.

The 2007 Legislative Assembly enacted ConnectOregon II through House Bill 2278 that provided for an additional $100 million in lottery-backed bonds for intermodal infrastructure improvements. Projects will be selected by the OTC using the following criteria:

- Reduction of transportation costs for Oregon businesses or improved access to jobs and labor sources
- Economic benefit to the state
- Ability to provide a critical link between transportation elements to measurably improve utilization and efficiency
- Amount of cost that can be borne by the applicant from any source other than the Multimodal Transportation Fund
- Readiness for construction

Deepening the Columbia River Channel

While large cargo ships have transported goods to and from the Port of Portland for decades, the newest generation of larger, deep-draft cargo vessels are unable to transit the Columbia River when fully loaded, as they require river depths greater than 40 feet. Concern was raised that a channel depth of only 40 feet threatened the region's ability to provide competitively priced transportation to Oregon and Northwest importers and exporters.

Dredging the 103-mile, 600-foot-wide navigation channel between the mouth and Portland to deepen it from 40 feet to 43 feet requires removal of 19 million cubic yards of sand. Environmental groups have challenged the dredging action as a threat to indigenous fish and wildlife, both in the river and at sea where some of the dredged materials would be taken. On May 20, 2002, the National Marine Fisheries Service and the United States Fish and Wildlife Service jointly announced findings that the channel deepening project presented negligible risk to threatened and endangered species.

The navigation channel is managed by the United States Army Corps of Engineers, in part through funding from the State Marine Navigation Improvement Fund (ORS 777.267). It was originally dredged in 1878 to a depth of 20 feet, and has been subsequently deepened in 5-foot increments to its current depth of 40 feet. House Bill 2275, enacted in 2001, authorized issuance of $28,780,000 in lottery bonds through the Oregon Economic and Community Development Department **(OECDD)** to pay Oregon's share of the dredging project's total cost. The bonding authority was extended by House Bill 3446 (2003). Under that legislation, payment could occur only after:

- A final environmental impact statement had been issued;
- Congress authorized the project;
- Washington state committed its share of the cost;
- Both Oregon and Washington signed off on the impacts to their coastal zones; and
- A project cooperation agreement was signed with federal agencies.

Oregon and Washington are to pay identical amounts for the project, with the remainder provided primarily through federal appropriations. The recently revised total estimated cost of the project is $156 million.

Oregon sold its lottery bonds and transferred $27.7 million to the project's sponsoring ports in August 2004. The first contract for the deepening project was awarded to Great Lakes Dredge and Docks, and included annual maintenance dredging in the river and at the mouth of the Columbia. By the end of 2005, 25 percent of the navigation channel, both near Astoria and in the Portland/Vancouver area, had been deepened to 43 feet. Additional projects are pending approval of additional federal funding.

Port Security

Following the terrorist attacks of September 11, 2001, security became an issue demanding

attention. Ports are particularly vulnerable, due to their high volume of international goods movement and ships arriving from foreign ports of call. The potential threat, combined with a lack of sufficient numbers of inspectors and security workers, lead many to consider ports to be the weakest link in the homeland security program. The sheer volume of cargo allows inspectors to examine only two percent of containers. Of particular concern is that terrorists might smuggle a weapon of mass destruction into the United States, perhaps even detonating it in the port itself.

In 2002, Congress passed the Maritime Transportation Security Act that was designed to protect the nation's ports and waterways from terrorist attack. The Act requires vessels and port facilities to conduct vulnerability assessments and develop security plans that may include passenger, vehicle and baggage screening procedures, access control measures, and/or installation of surveillance equipment. The Act was fully implemented on July 1, 2004.

The Transportation Worker Identification Credential **(TWIC)** was created to serve as a common, interoperable credential for all personnel requiring unescorted access to secure areas of port facilities and vessels. Achieving a TWIC requires an individual to undergo a security threat assessment, including a criminal history records check, an immigration check, and a check for ties to terrorism. More than 650,000 port workers nationwide have been screened against terrorist watch lists and immigration databases.

The Department of Homeland Security's Transportation Security Administration **(TSA)** funded a three-state emergency preparedness exercise via a grant to the Regional Maritime Security Coalition-Columbia River in November 2003. The exercise highlighted the multimodal, critical interdependencies among rail, truck, and barge traffic that depends on the river system. The Regional Alliances for Infrastructure and Network Security **(RAINS)** system performed flawlessly in a lengthy set of steps.

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