



September 2014

Inside this Brief

- **Background**
- **Statewide Ports Strategic Plan**
- **Infrastructure Improvements**
- **Deepening the Columbia River Channel**
- **Staff and Agency Contacts**

Legislative Committee Services
State Capitol Building
Salem, Oregon 97301
(503) 986-1813

Background Brief on ...

Oregon Ports

Background

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 or continue their journey through worldwide markets. 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 nine ports on the Columbia River make up one-quarter of the 36-port Columbia-Snake system, along with one in Idaho and 26 in Washington. The three ports on the lower Columbia, Astoria, St. Helens, and Portland, are deep-water ports. Over 13 million tons of goods moved through the Port of Portland's marine terminals in 2011. 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, trucks, pipelines, and aircraft on their way from production facilities to markets. Goods are generally transported in one of five forms:

- Dry bulk: examples include grain, potash, or wood chips;
- Liquid bulk: items such as crude oil, petroleum products, and liquefied natural gas;
- Break bulk: carried in bags, crates, boxes, or on pallets;
- Containers: large metal boxes that can be customized for a variety of goods and can be mechanically moved between modes of transportation; or
- Roll-on/roll-off: cars and other wheeled equipment.

Port districts also play an active role in economic development. According to the Statewide Ports Strategic Plan adopted in October 2010, “one out of six Oregon jobs is directly or indirectly tied to cargo, recreation, industrial, commercial, or other activities at Oregon’s ports, including privately owned and operated docks which import and export goods.” Ports create and maintain industrial and commercial infrastructure in surrounding areas. They own and develop industrial and commercial 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.

According to a report commissioned in 2014 by the Oregon Business Development Department (**OBDD**), the permanent annual economic impact of the Oregon Columbia River ports (excluding the Port of Portland) include 20,805 direct, indirect, and induced jobs, with a total labor income of \$856 million and local and state tax revenue payments of nearly \$162 million. The same report shows that the 15 Oregon Coastal ports provide 15,258 direct, indirect, and induced jobs with \$579 million in labor income and local and state tax revenue payments in excess of \$88 million. The estimated regional economic benefits of the Port of Portland and Portland Harbor include 75,800 direct, indirect, and induced jobs, \$3.76 billion in annual labor income and \$346 million in annual state and local tax payments.

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 commercial fishing and sport boats. The ports are a primary link in moving 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 confirmed by the Oregon Senate), 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 and wood fiber make up 95 percent of the tonnage shipped through the Oregon International Port of Coos Bay while accounting for less than 10 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 third in the nation as a grain export center.

Statewide Ports Strategic Plan

The Oregon Business Development Commission formally adopted “Ports 2010: A New Strategic Business Plan for Oregon’s Statewide Port System” in October 2010. Statutory changes enacted by the Legislative Assembly in 2007 provided the impetus for development of the Statewide Plan. Both those statutory changes and the statewide plan require that ports incorporated under ORS 777 develop and maintain strategic business plans based on an Oregon Business Development Department approved template as a condition for maintaining access to department funding.

The Statewide Ports Plan requires that individual port strategic business plans be approved by OBDD. The plan also calls for elected port commissioners and officials to receive training on ethics and best practices. Under the Statewide Plan, once a port’s business plan is approved by OBDD, the Department and the port are to develop an intergovernmental agreement (**IGA**) based on the approved plan, with the agreement incorporating the training requirements, best practices, and other recommendations of the Statewide Plan. The IGA lays out how the Department and port will work together to implement the port’s adopted business plan.

Multiple ports have completed their strategic plans and the IGA process, while the remainder continue to actively work to do so. Ports were given until the end of October 2013 to begin development of their plans, which must ultimately be submitted to OBDD for approval.

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 ocean bar crossings of most coastal river mouths and bays 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 many of Oregon's shallow-draft fishing ports is threatened annually with reduction or elimination. The Legislative Assembly 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 Legislative Assembly 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 five regions. Following the sale of the \$100 million bonds approved in 2005, 41 projects were funded. Nine ports received funding for projects ranging from barge slip redevelopment, intermodal rail project, mooring dolphins, and a post-panamax crane.

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. The Commission selected projects using the following revised criteria:

- Reduction of business transportation costs;
- Improved access to jobs and labor sources;
- Economic benefit to the state;
- Linking transportation moves for efficiency;
- Available matching funds; and
- Readiness for construction.

Two marine projects, at the Port of Portland (\$4.5 million) and Port of Astoria (\$973,000), received funding through *ConnectOregon II*.

House Bill 2001 (2009) included an additional \$100 million in funding for multimodal projects in *ConnectOregon III*. After being reviewed by modal and regional committees, 41 projects were awarded funding by the Oregon Transportation Commission, using similar criteria from the 2007 selection process. Seven port projects were funded, including dredge equipment upgrades, de-icing system upgrades, wharf repairs, crane modernization, and rail-to-barge facilities.

In 2011, the Legislative Assembly approved \$40 million in lottery-backed bonds for the *ConnectOregon* IV program as part of House Bill 5036. Building on the success of the first three authorizations, *ConnectOregon* IV had a total of 65 applications that met eligibility criteria. Of those 65 applications, nine port-related applications were chosen for funding.

In 2013, the Legislative Assembly approved \$42 million in lottery-backed bonds for the *ConnectOregon* V program as part of Senate Bill 260. Recently, the Final Review Committee selected seven port applications for funding to be considered by the Oregon Transportation Commission in the summer of 2014.

In 2013, the Legislative Assembly also approved \$3 million in Lottery Funds to support dredging federally-authorized channels serving South Coast Ports under a Memorandum of Understanding between the State of Oregon and the U.S. Army Corps of Engineers. In 2014, the Legislative Assembly authorized \$2 million for the purchase of a portable dredge to conduct dredging in port marinas and non-federal channels.

Deepening the Columbia River Channel

After nearly 20 years of effort, the Columbia River channel improvement project is complete. The final portion of the 110-mile, lower Columbia River navigation channel was deepened from 40 to 43 feet in November 2010. The region has since seen \$930 million in new investment, including nearly \$125 million in improvements at the Port of Portland's Terminal 5 and 6, and new and upgraded facilities at other lower Columbia River ports. In addition to the dredging, 257 acres of habitat were restored and 11 tide gates were retrofitted to allow for fish passage as part of the project.

Dredging the 103-mile, 600-foot-wide navigation channel between the mouth and Portland to deepen it from 40 feet to 43 feet was originally estimated to require removal of 19 million cubic yards of sand at a cost of \$134 million. Environmental challenges and increased

costs ultimately increased the total project cost to roughly \$200 million. 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. With the deepening portion of the project completed, additional work restoring fish habitat and areas where dredged materials were deposited will continue into the future.

The navigation channel is managed by the United States Army Corps of Engineers. It was originally dredged in 1878 to a depth of 20 feet, and has been progressively deepened, usually in five-foot increments, to its current depth of 43 feet. House Bill 2275, enacted in 2001, authorized issuance of \$28.7 million in lottery bonds through the Oregon Economic and Community Development Department to pay Oregon's share of the dredging project's total cost. The bonding authority was extended by House Bill 3446 (2003).

Staff and Agency Contacts

Patrick Brennan
Legislative Committee Services
503-986-1674
patrick.h.brennan@state.or.us

Michael McElwee
Executive Director, Port of Hood River
President, Oregon Public Ports Association
(541) 386-1138

Mark Landauer
Executive Director
[Oregon Public Ports Association](#)
503-896-2338

Dave Harlan
[Oregon Business Development Department](#)
503-986-0065

Sheryl Carrubba
U.S. Army Corps of Engineers
503-808-4340

Committee Services provides centralized, non-partisan research and issue analysis for the Legislative Branch. Committee Services does not provide legal advice. Background Briefs are intended to give the reader a general understanding of a subject, and are based on information which is current as of the date of publication. Legislative, executive, and judicial actions subsequent to publication may affect the timeliness of the information.