



LPRO: Legislative Policy and Research Office

OREGON PORTS

BACKGROUND BRIEF

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. In addition, goods from throughout the world arrive at Oregon ports and are distributed throughout Oregon and the U.S.

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 8.4 million tons of goods moved through the Port of Portland's marine terminals in 2014. Oregon also has 14 coastal ports, including the deep-water ports of Astoria, 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: grain, potash or wood chips;
- Liquid bulk: crude oil, petroleum products and liquefied natural gas;

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- Break bulk: carried in bags, crates, boxes or on pallets;

- Containers: large metal boxes that can be customized for a variety of goods and are 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



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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 labor income of \$579 million and local and state tax revenue payments in excess of \$88 million. The estimated 2015 regional economic benefits of the Port of Portland and Portland Harbor include 14,000 direct harbor jobs, \$1.2 billion in annual labor income and \$111 million in annual state and local tax payments; in 2011, the total direct, indirect and induced number of jobs was over 78,000, for an estimated \$3.76 billion in income and \$346 million in 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.

Each port faces different issues because of differences in waterway conditions, surrounding transportation infrastructure and goods shipped. 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 legislature in 2007 provided the impetus for development of the Statewide Ports Plan. Both those statutory changes and the Statewide Ports Plan require that ports incorporated under ORS 777 develop and maintain strategic business plans based on an OBDD-approved template as a condition for maintaining access to department funding.

The Statewide Ports Plan requires that the individual port strategic business plans be approved by OBDD. It also calls for elected port commissioners and officials to receive training on ethics and best practices. Under the Statewide Ports Plan, once a port's business plan is approved, OBDD 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 Ports Plan. The IGA lays out how OBDD and the port will work together to implement the port's adopted business plan.

All of the ports required to do so have completed their strategic plan; some have completed OBDD's approval process and have IGAs in place, while the remainder continue to actively work to do so.

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 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. The [Oregon Freight Advisory Committee](#) was created by the legislature in 2001, for the purpose of advising the Oregon Department of Transportation (ODOT) on freight transportation policies and programs. In 2003, House Bill 3446 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 passage of ConnectOregon II in 2007 provided for an additional \$100 million in lottery-backed bonds for intermodal infrastructure improvements.

OTC selected projects using the following revised criteria:

- Reduction of business transportation costs;



- Improved access to jobs and labor sources;
- Economic benefit to the state;
- Increased efficiency in linked transportation;
- 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.

In 2009, an additional \$100 million in funding for multimodal projects was made available in *ConnectOregon* III. Seven port projects were funded, including dredge equipment upgrades, deicing system upgrades, wharf repairs, crane modernization and rail-to-barge facilities.

In 2011, the legislature approved \$40 million in lottery-backed bonds for the *ConnectOregon* IV program. 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.

The legislature in 2013 approved \$42 million in lottery-backed bonds for *ConnectOregon* V. Recently, the Final Review Committee selected seven port applications for funding to be considered by OTC in the summer of 2014. This same year, the legislature 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 legislature authorized \$2 million for the purchase of a portable dredge and related equipment to conduct dredging in port marinas and non-federal channels. The

state took possession of the portable dredge in 2015 and it has been put into operation at some of the state's south coast ports.

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, in order 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.

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