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International Trade and Logistics Initiative Synopsis: Status of Recommendations

In April 2015, Governor Brown launched the International Trade and Logistics Initiative—led by Business Oregon, the Oregon Department of Agriculture (ODA), the Oregon Department of Transportation (ODOT), and the Port of Portland—to identify interim shipping options to help Oregon small- and medium-sized businesses stay competitive in the global marketplace in response to maritime industry challenges and loss of Portland container service.

The loss of Portland container service underscored the critical need for Oregon to focus on multi-modal investments in its transportation system in order to stay competitive in the global marketplace. The Trade and Logistics (T & L) Steering Committee issued its initial recommendations in February 2016 which included a set of proposed immediate and longer term solutions. Work groups then began implementation and further analysis of the February report's recommendations. Below is a synopsis of the efforts, thus far, of those work groups. This synopsis includes references to the final report's specific recommendations. A more detailed report on each work group's efforts can be found in [the full report on implementation](#) of the February recommendations at the "[Keep Oregon Trade Moving](#)" website. The following is a synopsis of that status report.

Work Group Assignments and the T&L Report's Recommendations:

1 STRATEGIC INVESTMENTS IN FREIGHT LOGISTICS TO SUSTAIN SERVICES

- Willamette Valley Intermodal Transfer Facility Feasibility Study
- Trucker/Trucking Issue Array
- Freight and Regulatory Issues

2 OPERATIONAL ENHANCEMENTS AND ACTIONS TO IMPROVE EXISTING LOGISTICS SYSTEM

- Port Shipper Solutions

3 POLICY ACTIONS TO ENHANCE OREGON TRADE & IMPROVE THE TRANSPORT OF GOODS

- Global Trade & Stakeholder Education

4 RESOLUTION OF TERMINAL 6 LABOR-MANAGEMENT ISSUES & CONTAINER SERVICE RECOVERY

- T6 Labor-Management Issues/New Container Service Recruitment

STRATEGIC INVESTMENTS IN FREIGHT LOGISTICS TO SUSTAIN SERVICES

In response to the T&L Report's recommendations, the Oregon Legislature began making strategic investments designed to improve freight logistics around the state. Strong interest was evident for further study of an inland rail load point in the central Willamette Valley from the T&L citizen shipper workshops. An intermodal yard could provide a facility to load exports from truck to rail at a point closer to many of Oregon's agriculture and forestry producers. This would help Oregon producers use existing rail corridors and avoid long, over-the-road truck hauls to Puget Sound ports.

The 2017 Legislature approved \$100,000 in funding for a **Willamette Valley Intermodal Transfer Facility Feasibility Study**. Business Oregon is managing the work with a contract with the consulting firm EcoNorthwest. The consultant's final report is due to the Legislature in 2017. The study area for the purposes of the demand analysis has been defined as the Willamette Valley from Marion County south, the coast, from Lincoln County south, and southwestern Oregon, including Klamath County to the east.¹

The T&L Report found an array of trucking issues facing any effort to improve Oregon's trade and transportation system. Based upon the Report's recommendations, the Legislature acted. Oregon's response to the nationwide shortage of truckers by providing \$250,000 to recapitalize the **Oregon Truck Driver Loan Program** created by the Legislature in 2012. This revolving loan program offers loans of up to \$3,000 to help new drivers cover some of the costs of training. Interest in the program has been strong, and there was a need to add additional funding due to the slow loan repayment schedule.

Based upon the T&L recommendation, in 2015, the Oregon Legislature allocated \$250,000 to recapitalize this loan program in recognition of the driver need and certified schools now have an opportunity to help these potential students receive loans through the program. Approximately 50 drivers received the loan subsidy to complete their training. As these loans are repaid, new loans will become available. WorkSystems Inc. is the fiscal agent, and Oregon Trucking Associations manages the program.

Regarding other trucking issues: The Report's recommendation for improved Port trucker information systems is being explored by the Oregon and Washington Trucking Associations, Northwest Seaport Alliance, and private sector. The Northwest Seaport Alliance planned to launch two new mobile applications in early November 2016 to help speed the flow of containers through port facilities and along local freight corridors, reduce idling-related air emissions and save fuel. While acknowledging the importance of addressing the issue of **Truck Driver Hours of Service**, the Freight Regulatory and Issues work group determined that the state does not control such federal issues and recommends that the Oregon Trucking Associations and other trucking interests continue to work at the federal level to modify the regulations.

The work group also determined that the Oregon Department of Transportation (ODOT) was already working to address **Heavy-Weight Truck Routes** and suggested ODOT connect its efforts with work completed at the local level – primarily Metro and the City of Portland's recent freight planning activities.

Regarding other Freight and Regulatory Issues, the work group recommended that the entire T&L Initiative continue to promote and support the recommendations contained in the recent [Governor's Vision Panel Final Report](#). The group also agreed that the other T&L policy and regulatory work items addressed by this group will help improve freight logistics around the state, and that the private sector should play a critical role in helping inform implementation of those recommendations.

The issue of freight bottlenecks focuses upon highway system freight congestion. ODOT is already at work to ensure Oregon is in compliance with federal legislation (2015 Fixing America's Surface Transportation Act –

¹ Along a similar vein, Oregon Rep. Cliff Bentz of Ontario is working to develop a transload facility for Malheur County onions and is consulting with the Port of Portland and Eastern Oregon Regional Solutions Team.

transportation funding legislation). As part of that work program, ODOT has already embarked on a process to define and develop an inventory of highway freight bottlenecks. ODOT will also be prepare an inventory of freight needs for Intermodal Connector facilities (often referred to as the first and last-mile segments), as well as needs for rail freight, port freight, and air freight.

Regarding continued investment in a multi-modal freight transportation system (4D), the group strongly supported the need for multi-modal system investment, including through the *ConnectOregon* program. The work group discussed the need to focus on communicating the importance of freight to Oregon. Some of the key aspects of the education and outreach strategy included: effects to the economy; the need to overcome the negative perception of freight; and freight movement's strong relationship to jobs – both directly dependent and indirectly related.

Finally, the work group recommended key leadership roles for the Oregon Freight Advisory Committee (OFAC) in this education and outreach. On June 25, 2016, OFAC sent a letter to the Legislature's Joint Transportation Committee on Transportation Preservation and Modernization, highlighting the key role freight movement plays in the Oregon economy and recommending a framework for future investments in transportation as part of the 2017 state transportation package under discussion. The work group also recommended that OFAC should initiate a conversation and bring in others as needed to help identify the potential indicators that are meaningful in describing the health of the freight system, work with agencies to identify potential data sources (including potential private sources), guide development of freight performance dash boards and where best to make information available, and develop implementation priorities as well as support funding needs.

Regional Solutions Teams should share state and regional freight issues and concerns with local stakeholder groups where appropriate. They should also look for opportunities to serve as a facilitator in promoting transportation systems that fully consider freight needs. Generally, these efforts are best if they are driven from local/regional interests, including industry representatives, ports, shippers and logistics.

OPERATIONAL ENHANCEMENTS AND ACTIONS TO IMPROVE EXISTING LOGISTICS SYSTEM

In the area of Operational Enhancements or Port Shipper Solutions, a **Valley Container Reuse pilot program** was launched in February 2016 by the Port of Portland working in partnership with Lowe's Regional Distribution Facility in Lebanon. The goal of the pilot program was to match some of the 100-200/week Lowe's import containers with agricultural exporters in the Valley. Lowe's corporate headquarters endorsed the pilot as a national model for cost and energy savings through two-way utilization of containers. However, a container reuse program is a complex proposition. Due to education and logistics challenges, the volumes of containers moving from the Valley through this program has been limited – approximately 10 containers a week. The Port is actively working with exporters to grow these volumes.

Regarding the recommendation for a **Container Satellite Yard to Support Westwood Terminal 6 Service**, the Port of Portland worked with the Portland Container Shipyard to create a staging area for containers using Westwood's monthly westbound container service. This yard remained active between restart of the Westwood service in August 2015 to suspension of this service in May 2016. This yard has resumed its main focus as a container depot for empties for all the primary ocean carriers.

Finally, the **Boardman Rail/Columbia River barge service** shuttle was launched in November 2015 as collaboration between the Port of Portland, NW Container, Tidewater Barge, Port of Morrow and Port of Lewiston to move cargo to Portland or to Puget Sound ports. Approximately 80-100 containers move by NW Container rail each week out of the Port of Morrow carrying Oregon hay and other agricultural products from

upriver. Train service to Boardman helps reposition empty containers from multiple ocean carriers so Oregon agricultural products can be exported. Barged products from the Port of Lewiston can add to these volumes when in season. Barged products from the Port of Lewiston can add to these volumes when in season. The primary agricultural users of the rail/barge shuttle are peas, beans, lentils, hay and paper products – high volume, high impact commodities for rural communities that rely on low cost barge/rail transport. The Port is actively working to recruit other rail shippers from Central Oregon. There will be a 17-week lock closure for maintenance scheduled to start on December 12, 2016. Barge service will resume in late March 2017. Rail from Boardman will be unaffected.

POLICY ACTIONS TO ENHANCE OREGON TRADE & IMPROVE THE TRANSPORT OF GOODS

In addition to the already recognized need to support the recommendations contained in the recent Governor's Vision Panel Recommendations, the Global Trade & Stakeholder Education work group identified key messages going forward highlighting the critical link between an improved statewide transportation system and Oregon's trade-dependent economy. Those messages include:

- Oregon is a trade dependent state. Trade creates and sustains thousands of jobs at Oregon small- and medium-sized businesses. Businesses and industries that make up the local, regional and statewide economy rely on the state's location as a gateway to global markets by rail, air, highway and marine transportation.
- Our ability to compete with other countries and states is dependent on a multi-modal transportation system that can move goods, people, and services efficiently.
- International trade is a key growth strategy for Oregon businesses large and small.
- A functioning 21st century transportation system is fundamental for business success.
- Strategic investments in transportation could yield even higher value to the regional and state economy.

Other key policy recommendations to enhance trade and the transportation of goods include:

- Improve connections between rail, air, highway, and marine transportation modes;
- Address constraints on intermodal connectors by providing funding for grade separations and the last-mile infrastructure improvements;
- Improve system efficiencies in rail intermodal, upriver barge service, and supporting programs to ensure shipping container availability in key freight corridors across the state; and
- Commit resources to port, highway, air, transit and rail infrastructure to address facility modernization and seismic resiliency that are critical to the overall transportation system.

RESOLUTION OF TERMINAL 6 LABOR-MANAGEMENT ISSUES & CONTAINER SERVICE RECOVERY

One of the T&L Report's primary recommendations called for resolution of the Terminal 6 (T6) labor-management issues as well as redoubled efforts to restore Trans-Pacific weekly container service at T6. Since the Report was released, there have been significant container industry challenges with the bankruptcy of Hanjin, consolidation of carriers, overcapacity, and low freight rates. Westwood Container Services ended its monthly container services at T6 in May 2016.

While the Port continues outreach to major carrier alliance executives targeted for the Portland market, ongoing litigation between the International Longshore and Warehouse Union and the Terminal 6 operator ICTSI will likely take two years to resolve. The Port continues to work with ICTSI to ensure T6 is ready for

operation when labor-management issues are resolved. This includes maintenance of cranes, docks, berth maintenance and other public assets. The Port's analysis indicates that there is enough cargo in the Portland region to attract at least one new Trans-Pacific carrier with medium-sized vessels once the global shipping industry settles out.

In the interim, the Port is working with importers and exporters on alternate transportation solutions for shippers across Oregon.