



February 2, 2012

House Transportation and Economic Development Committee
Re: **Support for HB 4020, 4028 and the *ConnectOregon* program**

Good afternoon, Co-Chairs and Members of the Committee! I am Paul Langner of Teevin Bros. in Rainier, Oregon. I am speaking to you today as the President of the Oregon Rail Users' League (ORULE). ORULE is an association for all public and private interests that operate, utilize and support railroads in Oregon. We advocate for the rights and needs of railroads and their customers.

We are here to discuss HB 4020, which in part allocates an additional \$10 million to *ConnectOregon* and HB 4028, which is a stand-alone bill for *ConnectOregon*. ORULE has consistently lobbied for funding of the *ConnectOregon* program, and we can support both bills for that reason.

We know from experience how beneficial *ConnectOregon* has been to Oregon's economy, especially in creating and retaining jobs. We can point to many successes as a result of Oregon's unique multi-modal infrastructure funding program. *ConnectOregon* has brought jobs and economic development both during construction and after infrastructure has been built. It has helped many communities and the state transportation system as a whole. It has increased public safety, reduced bottlenecks for efficient movement of goods and passengers, reduced greenhouse gas by facilitating transport by rail rather than trucks, and provided a well-vetted means of public-private partnership.

Last session the Oregon legislature reduced the historical amount of \$100 million per biennium authorized for the *ConnectOregon* IV program to \$40 million. We understand the reasons for that, and we are grateful for the reauthorization. However, the reduced amount has brought a different kind of response from applicants, and there are many more projects submitted than can possibly be funded this year. Even \$10 million more would be helpful and would benefit Oregon's still struggling economy, especially many of the more rural regions.

According to the *ConnectOregon* website, ODOT received 70 applications with requests for more than \$84 million (\$84,577,833) in grants and loans for multimodal projects around the state. The requests are spread among all eligible modes and all regions of Oregon. The amount of money requested is more than double what is available.

We also understand that the reduced amount has meant a difference in the kind of applications that ODOT has received. This round, in general, smaller dollar projects were submitted. Some applications for larger projects which are important to efficient functioning of the transportation system may not have been submitted because the total amount was so low. Many of the applications are from smaller industrial users rather than the railroad industry itself.

Yet short line railroads are struggling with the ability to fund significant capital improvements. Many of these projects are at crossroad junction points with highway corridors. So if a short line railroad fails, does Oregon really want more trucks on the road with the resultant need for highway repair because of highway congestion and more heavy vehicles? Once lost, it is very difficult to reopen such rail lines.

Speaking from my own company's experience as a shipper, *ConnectOregon* has provided critical capital at a time where commercial lending has evaporated. Oregon firms have great opportunities, but in today's lending environment, lenders want to see a tried and proven project with zero risk and immediate payback. It is difficult to convince commercial lenders that making infrastructure improvements can diversify and improve the viability of a business. Moreover, even fewer lenders see the socio-economic benefits of creating jobs and opportunities in rural Oregon.

The *ConnectOregon* program is delivering far more than just infrastructure or catch-up of deferred maintenance; in many projects, it is also rebuilding our industrial base. Oregon industries, especially small, rural firms, can compete at the highest level and in the global economy when they can efficiently get their product to market. The multiplier effect of dollars spent locally and the resulting community benefits are important benefits of the *ConnectOregon* program. Both ORULE and Teevin Bros. strongly urge you to enhance *ConnectOregon* through HB 4020 and 4028. It is important to Oregon's economy.



House Transportation and Economic Development Committee

November 17, 2011

Testimony on behalf of the *ConnectOregon* program for multimodal transportation system infrastructure; Paul Langner, Intermodal Facilities Manager, Teevin Bros. Land & Timber Co, LLC.

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Co-Chair Bentz, Co-Chair Hunt, and members of the committee, my name is Paul Langner and I am the facilities manager for Teevin Bros Land & Timber Co, LLC, in Rainier, Eugene, Knappa, and Seaside, Oregon. I am also the current President of ORULE, the Oregon Rail Users' League. I am here to comment on *ConnectOregon* and to share our experience with this vital program to fund Oregon's non-highway infrastructure; and to offer a private industry perspective on why *ConnectOregon* can be the model to invigorate Oregon's economy.

Teevin Bros. is a small Oregon company, with roots in the timber industry. The company is evolving into a transportation/intermodal company as our customers come to us to find efficient transportation for forest products and construction materials. Our Rainier facility brings together rail, highway and marine transportation connecting to markets in Alaska, California, Hawaii, Idaho, Canada and Mexico. In *ConnectOregon* I, we applied for a modest project to add four additional mooring dolphins to an existing wharf structure in Rainier, Oregon. We were successful and within six months of executing the *ConnectOregon* I agreement, our project was complete – ahead of schedule and under budget. By simply adding additional mooring dolphins, the marine side of the intermodal facility could accommodate a large class of ocean barges. Four months after project completion, we were able to initiate barge service to Hawaii from Rainier.

In *ConnectOregon* I, a small project under \$400,000 created five new positions within the terminal, retained six related positions with the ocean carrier, and added the equivalent of eight new longshoreman/stevedore positions (fte calculation) to the Rainier economy. As for Oregon business, those that had been dependent on shipping cargo to Hawaii through ports in Seattle, Tacoma, or Oakland, even with a subsidized rate, had a new, cost-saving option.

We applied for *ConnectOregon* III funds to increase our rail capacity to serve the intermodal connection to both our marine terminal and nearby port facilities. This project added additional rail spur, lay-down/queuing area, security and lighting. This project transpired in 2010, with the economy in a free fall.

This *ConnectOregon* III provided the right infrastructure at the right time to capitalize on escalating transportation costs of Oregon shippers. We felt certain we could create nearly twenty new jobs and retain many more. Within two months of completing the project, between Teevin direct employment, on-site contractor employment, and on-site customer employment, seventy jobs were added and many more retained. These are all well-paying jobs at or above prevailing wages, with full benefits.

A specific example is the shipment of lumber from the Santiam mill to southern California. The mill has been a supplier of premium construction material for years. Transportation costs were slowly out-pricing Oregon lumber from the southern California market place. Over-the-road trucking was becoming inefficient because of radical swings in fuel prices. Interstate rail remained a viable option, but there were some delivery challenges to the end users because of the increase in rail use. There was also barge delivery via the marine highway system. It was not as fast, but it was reliable, dependable, and it delivered the product directly to the center of the distribution centers.

The Santiam mill ramped up to move more lumber via the marine highway. The Albany & Eastern Railroad added lumber cars and rail crews to pick up loaded lumber cars from the mill and haul them to the interchange with another Oregon short line railroad in Albany. Handing off the lumber cars to the Portland & Western Railroad, the lumber continued north to our intermodal facility, where the lumber moved from railcar to barge. Currently, every two weeks 3-million board feet of Oregon lumber move by Oregon short line railroads to an Oregon intermodal terminal to load to an Oregon barge, for delivery to

Los Angeles/Long Beach, California; every four weeks, between 2-million and 3-million board feet of lumber moves to San Diego and into Mexico to supply Home Depot stores.

Concurrently, timber shippers in the Columbia River Gorge sought methods to get timber to both the domestic and export markets without putting more trucks on the highway. A better marine and rail intermodal connection is now meeting their demands. To Oregon business, having more staging area and rail access to an intrastate system of railroads brings more opportunity. Today, there more than sixty Oregon based vendors shipping or receiving through a small intermodal facility that links the marine highway system to short line rail.

Some comment that this work ought to be performed through a public port in a metropolitan area. To do so increases railroad and highway congestion within the metropolitan area. The intermodal facility, located in rural Oregon, but with quick connections to the interstate highway, takes congestion off Oregon's roads. Between timber exports from Eugene moving to north and lumber exports from Santiam moving to barge, Oregon's short line railroads will take more than 38,000 trucks off Interstate-5 through downtown Eugene, Salem and Portland. This move is happening today; saving highway maintenance, decreasing congestion and greenhouse gases, and creating jobs and opportunities.

While coming from a firm with land and timber in our moniker, the benefit is not just to the forest and wood products cluster. Thousands of tons of rebar for Oregon steel mills moves to Hawaii and the south Pacific because there are transportation alternatives keeping Oregon goods competitive. Preformed construction materials from Oregon are expanding the University of Hawaii and rebuilding Aloha Stadium. Box making materials and linerboard are moving from Oregon, via Oregon companies, to support Hawaiian agriculture. Oregon wallboard manufactures are sustaining jobs because their product can move nearly direct from their plant to the barge. The litany of Oregon products that now have faster and less expensive access coastwise and offshore is fascinating, and too extensive to list herein.

ConnectOregon has provided critical capital at a time where commercial lending has evaporated. Oregon firms have great opportunities, but in today's lending environment, lenders want to see a tried and proven project with zero risk and immediate payback. It is difficult to convince commercial lenders that making infrastructure improvements can diversify and improve the viability of a business. Moreover, even fewer lenders see the socio-economic benefits of creating jobs and opportunities in rural Oregon.

Having participated in the *ConnectOregon* selection process for both marine and rail projects over two *ConnectOregon* cycles, I can attest the level of review and vetting is some of the most stringent at any level of government. For a project to make the final review committee, at least four other review committees, each with a broad level of expertise, consider it. Within the review committees on which I have served, to a person, all reviewers strive to find projects that truly meet the charge of the enabling language for *ConnectOregon*. The reviewers, like the legislature, wish to see *ConnectOregon* not as a legacy project, but as method to secure our future.

Teevin Bros took *ConnectOregon* funds and built infrastructure that makes true multi-modal connections. Our projects compliment other *ConnectOregon* projects undertaken by Oregon short lines, Oregon shippers, and Oregon ports. We eagerly await the restoration of the Coos Bay rail line and the new opportunities it offers. Let us not forget, freight rail provides the backbone for passenger rail.

The *ConnectOregon* program is delivering far more than just infrastructure or catching-up deferred maintenance; in many projects, it is also rebuilding our industrial base. Oregon industries, especially small, rural firms, can compete at the highest level and in the global economy when they can efficiently get their product to market. Much is said about the multiplier effect of dollars spent locally and the community benefits thereof. In the coming discussions of non-highway transportation funding, both ORULE and Teevin Bros. strongly urge you to preserve and preferably enhance *ConnectOregon*. It is important to Oregon's economy.

Thank you for the opportunity to testify today. I will be pleased to answer any questions you may have.



