



**OREGON
ASSOCIATION OF
NURSERIES**

**Comments before the Senate Business and Transportation Committee
Senate Bill 260 (Multimodal transportation funding)
By Jeff Stone, Executive Director
Oregon Association of Nurseries
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Chairman Beyer, Vice Chair Starr, members of the committee, my name is Jeff Stone and I serve as the Executive Director of the Oregon Association of Nurseries. The OAN is pleased to advance the dialogue and drive innovation in multimodal transportation.

The Oregon Association of Nurseries supports Senate Bill 260 which authorizes issuance of lottery bonds for transportation projects funded from the Multimodal Transportation Fund. The OAN supports statewide strategic initiatives to promote rail as a component of our transportation infrastructure to get product to market.

The economic footprint of the nursery and greenhouse industry

Nursery association members represent wholesale and Christmas tree growers, retailers and greenhouse operations. Our members have spent generations as stewards of the state's natural resources. The nursery and greenhouse industry remains the state's largest agricultural sector despite a severe economic downturn. As the nation's second largest nursery state with over \$744 million in sales, our growers ship their products throughout the country.

Transportation is critical for economic success

Nearly 75% of nursery stock grown in our state leaves our borders – with over half reaching markets east of the Mississippi River. Virtually all nursery stock shipped out of Oregon moves by refrigerated truck trailers – a critical detail to keep plants and trees dormant and allow photosynthesis to be delayed for the long trip to domestic markets.

It is important to note that before the advent of cost effective mass trucking, Oregon nursery stock moved by standard boxcars on the rail network. As the west coast nursery industry grew, customers expected orders to be received in a matter of days and in a consistent manner. Over time, trucks became more effective to get product to the doorstep of the customer than the rail option. Since that time, the rail network and railroad operations have improved.

A challenge to utilize this particular mode of transportation is proximity to rail yards with access to the east coast and the duration of time to get product to market. Given the challenges facing the nursery industry with regards to adequate trucking equipment along with escalating fuel costs, some of the larger nurseries have sent rail shipments on a limited basis this year.

Public sector investments leverages private sector dollars

There is no greater impact the state can make with business more than smart infrastructure investments that pay economic dividends for future generations. There is a fitting role of the state legislature to make strategic investments and strengthen Oregon's private sector economy and SB 260 fits that role.

We have applauded and supported the bipartisan legislation passed in 2009 on a transportation package which helped nursery operations ship product to market. We recognize with the high cost of fuel and a growing shortage of long haul truck drivers, the nursery and greenhouse industry needs to become more multi-modal and this includes much needed investment in reliable rail transportation. The OAN continues to work with our congressional delegation to seek greater federal transportation dollars. Oregon needs to be in position to tap into federal investment cost sharing to increase frequency and reliability of this mode of transportation. This investment will assist Oregon industry continue its effort to remain competitive in key markets and create a cornerstone of economic growth.

Logistical challenges exist for transportation in Oregon

During peak shipping months (March through May), availability of trucks for their refrigerated transportation service can be a challenge. The difficulty is that Oregon has a difficult time attracting enough inbound trucks. Nursery operations are very rate sensitive and having access to trucks and multimodal rail now and in the future is a major concern.

The transportation reality and mentality of how product is ordered and shipped has been fundamentally altered due to the fiscal distress of the nation's economy. Nursery customers desire "just in time" delivery of our green goods. This new reality needs to be in our minds as we expand the consideration of rail as an efficient form of getting our product to market.

It is critical that Oregon invest in multimodal transportation options and design a system that is cost effective for the Pacific Northwest. The poor economic conditions have hidden growing concerns with freight capacity – 1) the decline in new long haul truck drivers, 2) federal regulations that restrict hours of service which decrease the speed of delivering freight in a given period; and 3) higher fuel and insurance costs.

There is very little multimodal rail/truck shipment of nursery products from Oregon. Therefore the dominant source of carrying capacity needed by the industry rests with refrigerated truck carriers. It will take a significant effort for our industry to configure itself to make use of rail and with proper investment by public and private entities – our growers will seek to avail themselves to a viable transportation option.

Several factors and critical areas for use of rail

Agricultural loading docks are not clustered like industrial parks'; rather they are located on the nurseries and farms. So it is essential that state and regional policy makers look at transportation systems and how they integrate with both urban and rural industries.

The OAN appreciates the fact that transportation infrastructure is expensive and at times controversial. It is the state's largest sector of agriculture's view that investment in freight mobility will help the nursery and greenhouse industry get product to market. In order for rail to become a viable and sustainable option for the nursery industry, three critical areas must be addressed: schedule reliability, equipment availability, and rates.

- **Schedule reliability:** The Burlington Northern Santa Fe Railway (BNSF) and the Union Pacific Railroad (UP) represent the two Class 1 railroads currently serving Oregon. There is also a network of short line railroads. The BNSF east/west mainline runs on the north side of the Columbia River Gorge and they have operating rights into the Willamette Valley. Both of the Class 1 carriers have sufficient capacity along the mainlines to Chicago, Illinois to accommodate additional incremental growth. While the duration to these markets is longer than truck times, we would hope that interchanges to East Coast destinations do not make the option a less consistent freight mode.
- **Rail equipment availability:** Until now the only rail equipment which has been available in the Pacific Northwest is standard dry trailers and containers. While it appears that both BNSF and UP have additional capacity refrigerated rail equipment, the needs to deal with more perishable commodities (apples, onions) along with nursery stock could need to increase to make the option feasible.
- **Rates:** In order for any of the rail alternatives to be viable, there must at a minimum be a parity of rates with the trucks. The cost curve for trucking product will rise with escalating fuel prices and the state and federal discussions over carbon taxes. If proper investment occurs, there could be the potential for cost savings to the nursery industry.

The step toward multimodal investment begins with SB 260

Are there significant challenges to shipping nursery and greenhouse products via rail?

Yes. Is it worth the investment of state dollars to foster rail development to a number of economic sectors of the Oregon economy? Absolutely.

Rail will not completely resolve the transportation challenges faced by Oregon's nursery industry but it certainly can be a part of the solution. There is a growing interest by the industry, our transportation partners, and federal officials to be forward looking and invest in wise infrastructure. For these reasons, the OAN urges support of SB 260.