

**Matt Hoffmann**  
**Regional Logistics Director**  
**Fred Meyer and QFC Stores**  
**Testimony before the Joint Interstate 5 Bridge Replacement Project Committee**  
**February 18, 2013**

Good afternoon Co-Chairs Senator Beyer, Senator Starr, Representative Bentz, Representative Read and members of the committee.

My name is Matt Hoffmann, and I am the Regional Logistics Director for Fred Meyer and QFC Stores. This means I am responsible for the safe, reliable, and efficient distribution and transportation of quality products for our customers. Fred Meyer and QFC are both divisions of The Kroger Company based in Cincinnati, Ohio.

Thank you for taking time to hear everyone's important testimony today.

I'm here today to emphasize to you that, behind the brick and mortar buildings of Fred Meyer and QFC, there is a vast and intricate system of logistics that operates 24 hours a day, 7 days a week, and is very reliant on the ability to move product across and in the vicinity of the I-5 bridge over the Columbia River.

First a little background: Fred Meyer and QFC have more than 14,000 employees in the state of Oregon, and another 2500 in Clark County, Washington. Fred Meyer is the 2nd largest private employer in Oregon. Both Fred Meyer and QFC are union - our employees are members of UFCW and Teamsters.

QFC has 67 stores in Washington and Oregon. Fred Meyer has 133 stores in Alaska, Idaho, Oregon and Washington.

There are two critical reasons why a safe, efficient and well-functioning Columbia River Crossing is vital to our business.

First of all, we have a dairy at Swan Island that serves Fred Meyer and QFC stores in Oregon, Washington and Idaho. About 75 trucks a week go from our Swan Island Dairy across the Interstate 5 Bridge. If traffic on that bridge were to move more swiftly, we estimate we would save about \$50,000 in labor costs a year and thousands of dollars a year in fuel costs. As it is, we actually build these costs and hours into our budget each year.

The second reason why a safe, efficient and well-functioning Columbia River Crossing is critical to our business is that Fred Meyer is the largest importer to the Port of Portland. While Fred Meyer and QFC are both full-line grocery stores - purchasing lots and lots of LOCAL agricultural products - Fred Meyer is also a general merchandise retailer. We import our own private label items in many parts of the store, including patio furniture, gardening products, apparel, shoes, toys and home goods such as sheets, towels and dishes. And, of course, seasonal items for Halloween, Christmas and other holidays.

Depending on the time of year, we bring in anywhere from a couple hundred containers a month to nearly 1000 containers a month.

When we pick up our containers at the Port of Portland, they go many directions:

- Some go directly across the bridge to our distribution center in Chehalis, Washington. From there the product goes to our stores in all four states.
- Some go to our warehouse at Clackamas. From there they go two places:
  - The product might go directly into the warehouse or into the distribution center and onto trucks to go to stores in Oregon and Idaho.
  - The containers might be repacked for intermodal shipping to Denver, Indianapolis, or Portland, Tennessee. From these three locations we serve Kroger stores all over the United States.

As you may know, Fred Meyer Stores was founded in Portland more than 90 years ago. While we are a division of Kroger, we are still very much based in Portland, with a corporate headquarters in southeast Portland that employs about 1000 people. We are rather proud of the fact that, when we merged with Kroger, we persuaded Kroger to not only continue importing Fred Meyer's general merchandise into Portland, but to import most of the general merchandise for Kroger stores across the country. We continue to believe strongly in keeping this economic and jobs driver here in Oregon.

But, as I hope I've illustrated here today, the Interstate 5 bridge represents a very big footprint on our logistics map. Our ability to move containers and product across and in the vicinity of the bridge is vital to our business.

I can tell you that the status quo will be difficult and costly for us to continue working under. For these reasons, I urge you to pass House Bill 2800.

Thank you for your time. I'm happy to take any questions.