Portland & Western Railroad

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AVP Government Affairs

Traffic Congestion and Freight Mobility
Legislative Working Group

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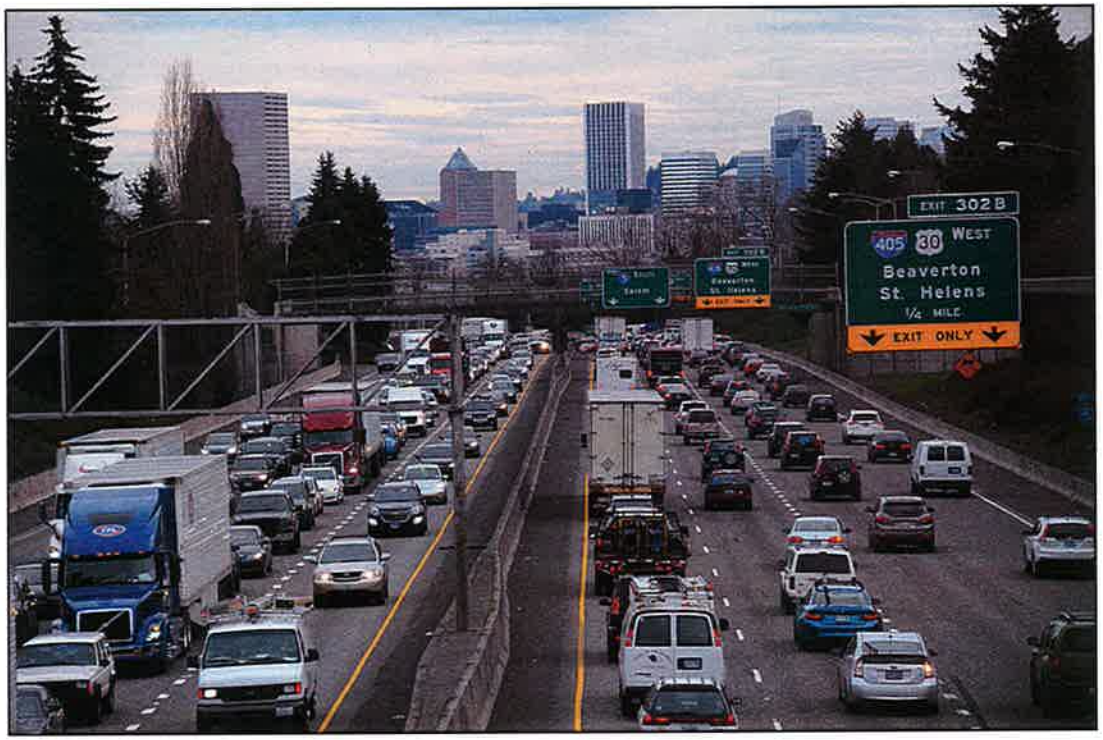
Salem, Oregon

Highway Congestion in the Willamette Valley

"Congestion is getting in the way of Portland's ability to do business, according to the Portland Business Alliance." – Portland Tribune (February 2015)

"Increased congestion threatens Oregon economy." – Statesman Journal (June 2015)

"Failure to adequately invest in the transportation system will result in significant losses to Oregon's economy, job base, and quality of life." – Economic Research Group (2014)



Options to Address this Congestion

- Add two lanes to I-5
  - $4 million per mile (ARTBA)
- Expand light rail passenger service down to the Willamette Valley
  - $ billions?
- New highway bridge over Columbia River
  - $3.2 billion
- Build new Willamette Valley highway
  - $8 to $10 million per mile for four lane highway (ARTBA)

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- Improve the Portland & Western Railroad "OE Line" in the Willamette Valley

Rail Helps Highway Congestion

One railcar has the capacity of 3.8 trucks

A 100 car train has the capacity of 380 trucks

Rail Helps the Environment

- On a ton mile basis, rail emits ¼ of the CO, NOx, and PM that trucks do
- Moving freight by rail instead of truck reduced greenhouse gas emissions by 75%
- If 10% of truck traffic diverted to rail, fuel savings would exceed 800 million of gallons per year
- If 10% of truck traffic diverted to rail, annual greenhouse gas emissions would fall by more than 9 million tons.

U.S. Greenhouse Gas Emissions By Economic Sector: 2014

Economic Sector	Tg CO2 Eq.	% of Total
Electric. generation	2,080.2	30.3%
Residential	396.1	5.8%
Industry	1,395.5	20.3%
Agriculture	648.0	9.4%
Transportation	1,820.3	26.5%
Commercial	487.8	7.1%
U.S. Territories	44.7	0.7%
Total	6,872.6	100.0%

Data are in teragrams of CO2 equivalents.

U.S. Greenhouse Gas Emissions from Transportation: 2014

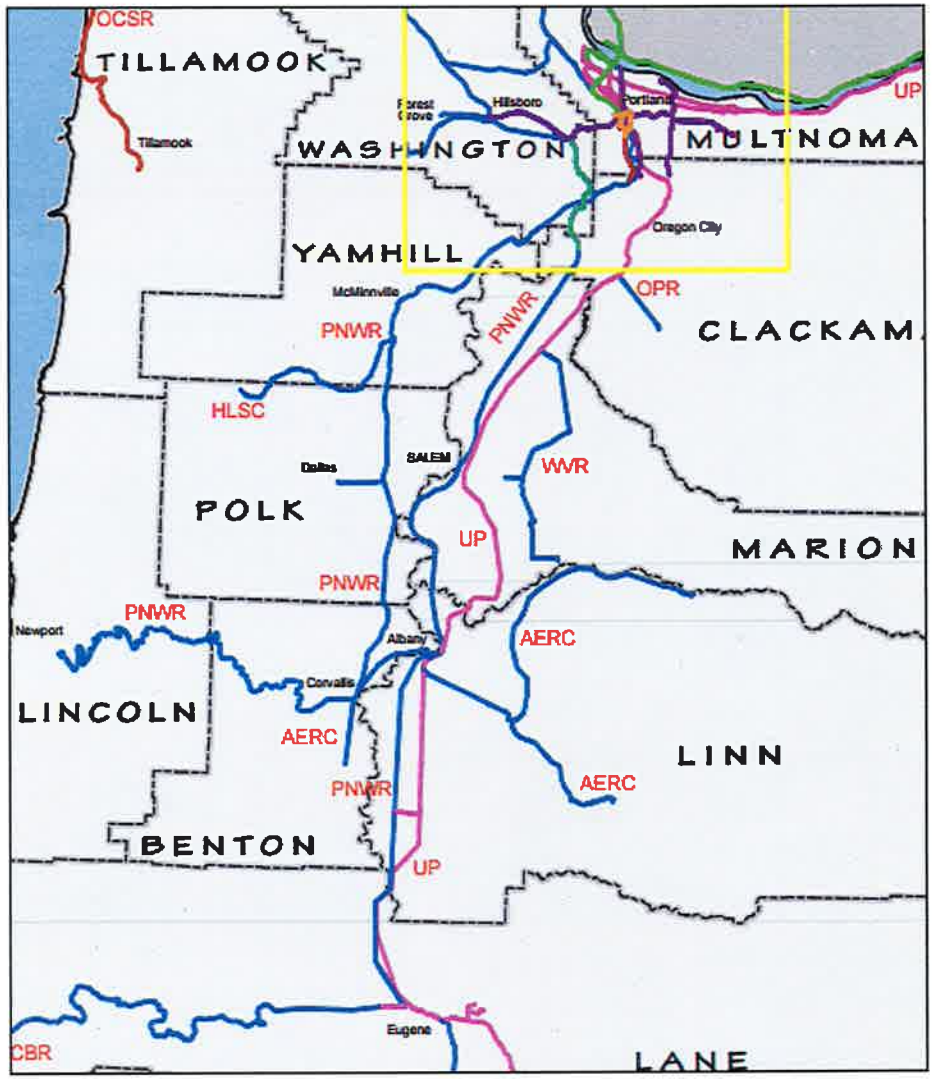
Economic Sector	Tg CO2 Eq.	% of Transp. Total
Trucking	415.1	23.2%
Freight Railroads	**44.2**	**2.5%**
Waterborne Freight	5.9	0.3%
Pipelines	46.5	2.6%
Aircraft	135.9	7.6%
Recreational Boats	12.3	0.7%
Passenger Railroads	5.8	0.3%
Cars, Light Trucks, Motorcycles	1,104.7	61.7%
Buses	19.1	1.1%
	1,789.8	100.0%

Source: EPA, *Draft Inventory of U.S Greenhouse Gas Emissions and Sinks: 1990-2014 (Feb. 2016)*, Tables ES-6, A-117, and A-118. Totals for "transportation" in the two tables do not match in part because the table on the left includes emissions from sources considered to be transportation but not considered to be passenger or freight (e.g., lubricants).

Two Rail Corridors in the Willamette Valley

Two rail options to handle freight traffic off of I-5

- Union Pacific
- Portland & Western "OE Line"



Portland & Western OE Line
Current Operations

Upper OE

- Tigard to Albany
- Five train jobs/day
  - Express between Tigard and Albany
  - Locals around Salem

Lower OE

- Albany to Eugene
- Five train jobs/day
  - Express between Albany and Eugene
  - Locals around Eugene

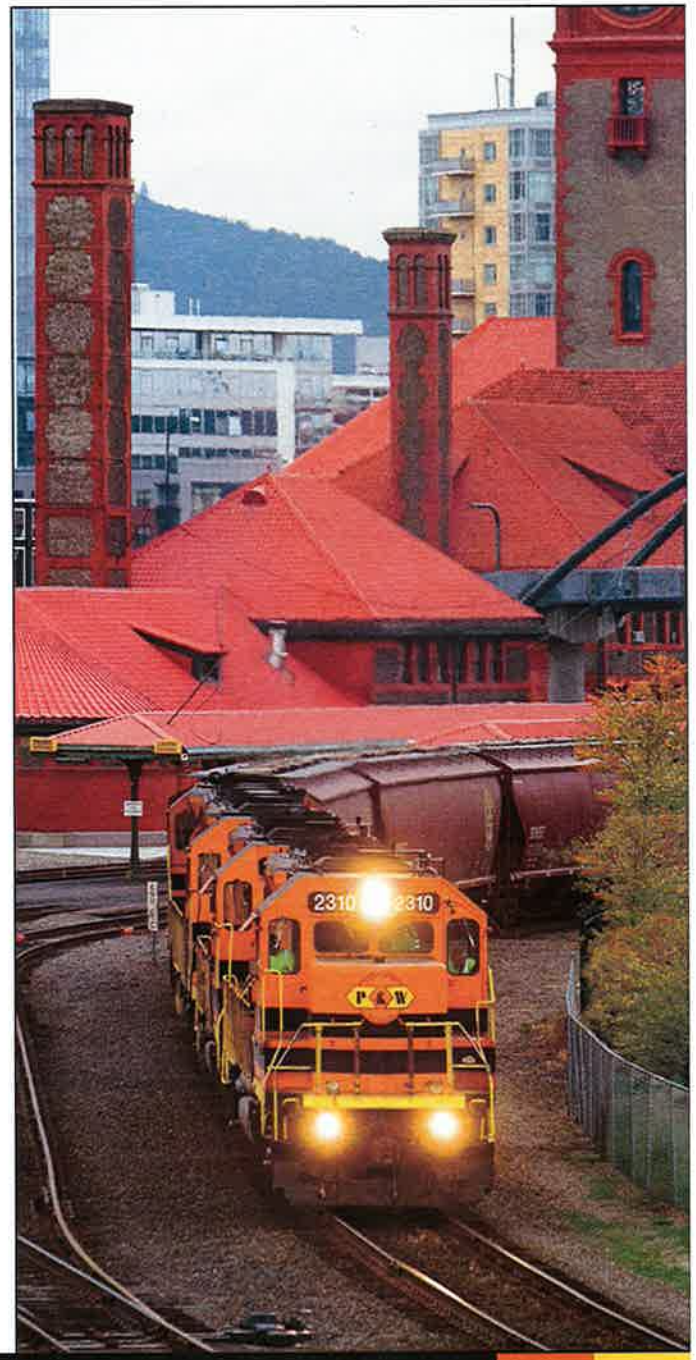
Portland & Western OE Line Capacities

- Train size varies in length
- At current train movements line operating at 60-65% capacity
- If track is improved and speed increased, able to add up to 50% more trains
- With improvements, capacity for another 1,500 truck trips per day avoided from I-5 possible

Portland & Western OE Line Benefits of Truck Diversion

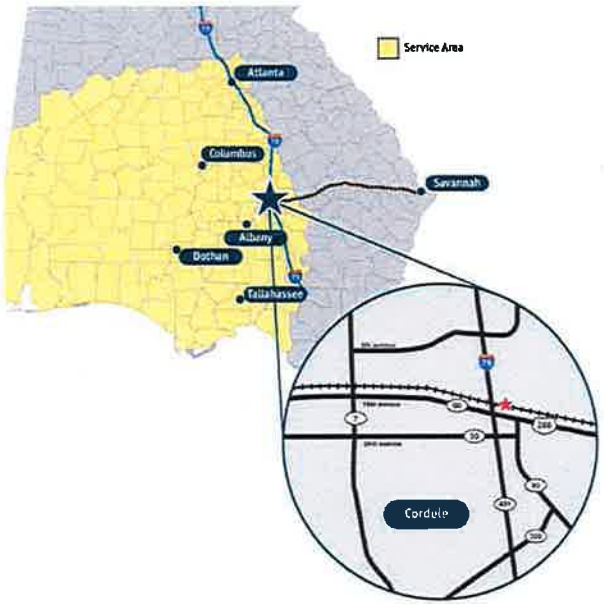
Greatly improving the track on the OE Line would significantly increase future rail freight opportunities in the Willamette Valley

- Easing congestion on I-5 to and from Portland
- Shorter truck hauls
- Reduce truck moves on downtown Portland roads



Improved OE Line could also facilitate development of a Willamette Valley Inland Port

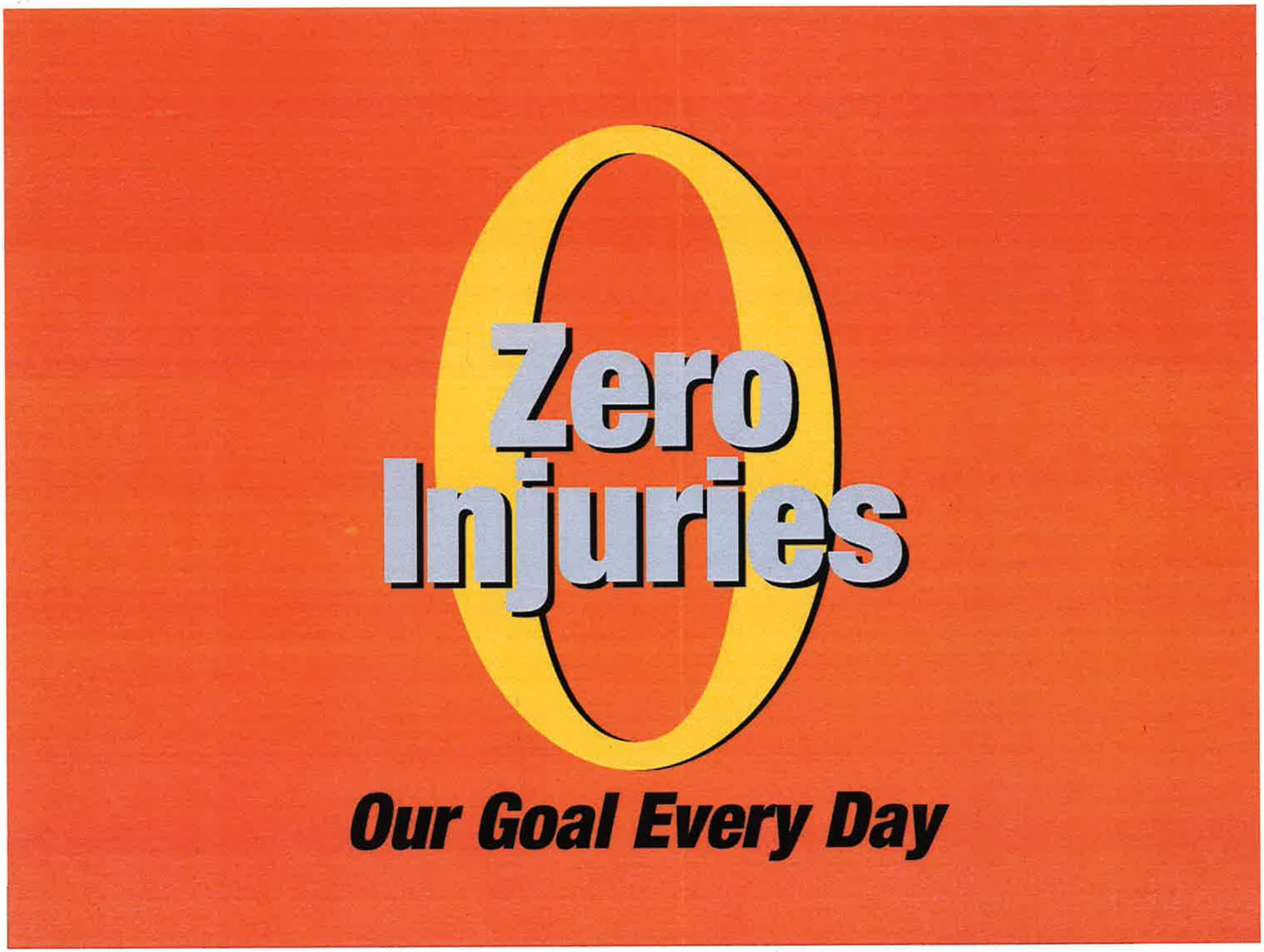
Example: Cordele, Georgia Inland Port



- 200 mile direct short line rail route connecting Port of Savannah to Cordele
- Regional target market
- Benefits truckers while reducing length of haul
- Reduces truck traffic and congestion to Savannah and through southern Georgia

What is needed to reduce highway congestion in the Willamette Valley?

- Develop this rail solution to handle increased freight demand in the corridor
- Include the Portland & Western Railroad OE Line in any freight plan to reduce congestion on I-5
- Actively create Public/Private Partnerships to finance rail improvement projects on the OE Line


Zero
Injuries
Our Goal Every Day