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"Harmony in
Diversity"

PORTLAND CITY CLUB BULLETIN

"Active
Citizenship"

VOLUME IV

PORTLAND, OREGON, AUGUST 22, 1924

NUMBER 45

FRIDAY, AUGUST 22, 1924

Hotel Benson, 12:10

SPEAKER

F. WESLEY PHELPS

*President and Director,
American Institute of Constitutional Learning*

SUBJECT

"The Constitution of the United States"

C. C. COLT . . . *Chairman of the Day*

Mr. F. Wesley Phelps is an editor, author and lecturer of wide experience. He will divide his discussion of the Constitution into four thoughts, its conception, its framing, its amendments and its enemies.

Report on Highway Development is Presented

The first section of the Highway Development report, prepared by the Port Development and Public Utilities Committee, is presented in this issue of the *Bulletin*. The committee, after having made a careful study of the problem, describes the highway system of the state, points out needed improvements, and shows the relation existing between the railroads and motor vehicles.

The Board of Governors has approved the first section of the report. The second section with recommendations will be printed in the next issue of the *Bulletin*.

The report follows:

REPORT ON HIGHWAY DEVELOPMENT

To the Board of Governors:

The introduction of motor vehicles has caused the construction of a great system of modern highways in the Portland territory. Actual work began in Washington about 1911 and in Oregon in 1917 when these states began to devote large sums to their highway systems and to take direct control of the work. The counties have co-operated with the States both in the

selection of routes and in the provision of funds, to a larger extent in Oregon than in Washington, although both states have made great progress in the construction of laterals from the trunk highways within their own borders. In 1916 Congress began annual authorization of liberal sums, apportioned among the states on the basis of population, area and mileage of roads. In the original law the Government paid a dollar for each dollar expended by the state, but owing to the slow progress in the thinly populated states the ratio was increased for states where the area of unappropriated public land exceeded five per cent of the total area of the state. Under this law the Government expends 61 per cent to the State's 39 per cent in Oregon, but Washington still draws only dollar for dollar. In addition Congress has authorized an annual appropriation for roads in and adjacent to the National Forests. This is apportioned to the states in the ratio that their national forest area and value bear to the totals of the United States. As the entire Cascade Range is covered by National Forests, the forest road fund pro-

Continued on page 2

PORTLAND CITY CLUB BULLETIN

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THE CITY CLUB OF PORTLAND

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CITY CLUB PURPOSE

"To inform its members and the community in public matters and to arouse them to a realization of the obligations of citizenship."

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ELMER R. GOUDY Executive Secretary

APPLICATION FOR MEMBERSHIP

The following application for membership in the City Club has been received:

MAJOR RICHARD T. COOPER
District Engineer, 2nd District, U.
S. Engineers

Proposed by Major Richard Park.

HIGHWAY REPORT

Continued from page 1

vides a means for constructing highways across the mountains to connect the eastern and western parts of the two states.

Highway Statistics

There are in Oregon 45,475 miles of roads and in Washington 45,816. Of this mileage 3119 are included in the state highway system of Washington and 4451 in that of Oregon. About 2900 miles of the system in each state is included in the Federal Aid Highway System which embraces the most important interstate and inter-county roads, so located as to form parts of a national system. In Oregon 825 miles, in Washington 456 miles have been paved, 763 miles in Oregon and 1692 miles in Washington are surfaced with rock or gravel, 215 miles in Oregon and 96 miles in Washington have been graded to an established grade line and 2648 miles in Oregon and 872 miles in Washington are unimproved though definitely laid out for improvement before new roads are undertaken.

Highways Radiate From Portland, The Hub City

Portland is the focal point from which roads radiate in all directions. The one nearest completion is the Pacific Highway which extends northward across the inter-state Columbia River bridge through Olympia, Tacoma, Seattle and Everett to the Canadian boundary and is paved for the entire distance. Southward there is a paved highway on each side of the Willamette River to Harrisburg where a bridge is now under construction and five miles of pavement are needed to complete the Pacific Highway through Oregon. In California there is a gap of 120 miles from the state line to connect the Oregon road with the paved highway system of that state. Work is in progress on this gap. When it is closed there will be 1476 miles of continuous paved road from Vancouver, B. C. to the Mexican boundary, the 615 miles through Washington and Oregon being the longest paved road in the world.

The Columbia River Highway, which was the first section constructed of what has been legally designated the Old Oregon Trail, has been paved from Portland west to Seaside and east to The Dalles, a distance of 219 miles. From The Dalles thence through Baker to Ontario on the Idaho line, this is a first class crushed stone road. The State of Idaho is extending this highway along the Snake River to connect with

Transfers by counties and

railroads.....	3.7 per cent
Federal aid	12.4 per cent
Miscellaneous.....	1.9 per cent

Thus motor vehicles bear 76.5 per cent of the cost, as interest on bonds and principal are to be paid from taxes that they pay, while railroads contribute their proportion of state taxes to the federal taxes from which federal aid is provided and to transfers of county funds. In addition the transfers which they make to the state fund help pay for crossings and grade separations.

In Washington an annual state tax is levied for highway construction, which in 1921 yielded \$3,005,211; a license fee for registration of vehicles is collected, which yielded \$3,375,600; a gasoline tax yielded \$500,000; transfers yielded \$779,388; federal aid \$537,794; miscellaneous \$25,000. From these figures it appears that motor vehicles pay 47.1 per cent of the cost of roads in Washington, while railroads contribute their proportion to 52.9 per cent, including state tax, federal aid and transfers.

There is room for discussion in the question whether common carrier automobiles, which are heavy and carry heavy loads and use the roads regularly and frequently, pay their fair share of the taxes levied on motor vehicles in comparison with private cars, which are lighter and usually run over the roads only occasionally. The impact by a heavy car is certainly far greater than by a private automobile. This is a subject for thorough inquiry and for adjustment between the two classes of vehicles.

As to whether the railroads are unjustly taxed for road purposes, we must consider the benefits they receive as well as the injuries they suffer. It is beyond dispute that they have lost a large proportion of their local traffic around and between the large centers of population, as a direct consequence of good roads and automobiles. The automobile industry has also produced a vast amount of traffic for the railroads in carrying cars, parts, accessories and gasoline which is a new source of revenue. Though all the railroads in the United States paid total road taxes of \$32,551,000 in the year 1921, which was 4½% of all highway expenditures for that year, they collected in revenue from the automobile industry and owners of cars \$357,800,000 or eleven times the amount of their taxes. Naturally the benefits were not distributed among the various railroads in the same proportion as the injury, some losing more than they gained, but in the general result the automobile by stimu-

lating highway improvement has produced traffic that they would not otherwise have enjoyed.

Motor and Railroad Transportation Should Co-operate Rather Than Compete

Obviously it is impossible for motor transportation to supplant that by railroad. Then each should be so regulated that the public will receive maximum service from both, which requires that neither be so operated as to impair the ability of the other to render service which it can perform more economically. In other words the two forms of transportation should be co-ordinated in such manner that they will not compete where one is more economical and reliable. Through their ability to carry from door to door, trucks have an advantage in local traffic within a radius of at least 25 miles, possibly extending to 50 miles, which railroads cannot overcome. Within this radius railroad terminal costs take so large a fixed total out of rates and rates are restricted within such practical limits that local traffic yields little, if any, net return. On long hauls terminal charges are distributed over so many miles that railroads can undersell trucks as to transportation and earn a fair return. Then it seems that the local field should be abandoned to the truck, but that long-haul traffic should be left to the railroad.

Motor Truck Organization Would Increase Terminal Capacity of Railroads

In large cities railroads may be able to effect large savings by using trucks as the collection and distributing service of all less-than-carload through traffic within the urban radius. All railroads entering a city could combine in forming a single company to perform this truck service for all of them and to do all clerical work in connection with shipments, just as they combine in one terminal company. Rates could be revised to include payment for door-to-door delivery. Having only carload lots to handle within the urban circle, railroads could transfer freight yards to the suburbs, where land is cheap, and could release the large capital that is invested in costly terminal sites in the heart of cities. In arguing for this change W. H. Lyford, vice-president of the Chicago & Eastern Illinois railroad, says "that interest on real estate at 12th street, Chicago, occupied by a freight station, is equal to \$2.30 a ton of freight handled there, but that if the station were removed to 33rd street, this charge would be reduced to about 80 cents and that the saving would pay

sufficient not only to amortize the bonds but also to maintain the roads and still leave a modest margin for new construction and betterments.

Washington leads the Western or public land states in the percentage of federal aid highways surfaced and Oregon stands second. This rank is particularly high for Oregon when the sparse population and large area are taken into consideration.

Increase In Motor Vehicles Forcing Highway Development

The increase in the number of motor vehicles has vastly stimulated the construction of this highway system and a veritable revolution in transportation conditions has been effected as in other parts of the country. Owners of cars have become independent of railroads and many of them do all their traveling on the highways, the muddy and dusty predecessors of which had been deserted for the railroads. Freight is carried considerable distances by auto truck, the combination of which with good roads has made remote parts of the country far more accessible from centers of population.

In 1923 there were registered in Oregon 152,135 passenger cars and 12,987 trucks; in Washington 218,580 passenger cars and 37,100 trucks. Of the passenger cars 840 in Oregon and 2584 in Washington were operated on regular bus lines. Many trucks in both Oregon and Washington are common carriers in suburban and interurban service. Stage lines run from Portland north to Seattle and Vancouver, B. C., south as far as San Francisco, west to Astoria, Seaside and other beach resorts, east to Hood River, The Dalles and Pendleton, south from The Dalles to Bend and east to Ontario. Between the Willamette Valley and the coast are stages from McMinnville to Tillamook, from Corvallis to Newport, and from Roseburg to Marshfield. Across the Cascade mountains there are stage lines from Ashland to Klamath Falls, from Medford to Crater Lake in the tourist season and around the Mount Hood Loop. North of the Columbia, lines run from Vancouver to Camas, and from Chehalis to South Bend, connecting with a line between Ilwaco and Megler.

Truck lines are operated on both sides of the Willamette river from Portland to Eugene and on to Roseburg, also to Newberg, McMinnville, Corvallis and Eugene. Other lines run up the Columbia River Highway to The Dalles and down to Astoria. Heavy truck traffic is carried on the section of the Roosevelt Highway in

Curry county in the vicinity of Port Orford.

Truck traffic is heaviest on the Pacific Highway north of Grants Pass, the number averaged 232 per day in the year 1923. Lines also run from Chehalis to Hoquiam and Aberdeen on Grays Harbor and to Raymond and South Bend on Willapa Harbor. In eastern Washington and Oregon a line runs between Walla Walla and Pendleton.

Motor Vehicles Affect Business of Railroads

This use of automobiles has had grave effect on the business of railroads, especially interurban trolley lines. Being able to stop at every point and to run at very frequent intervals, busses have taken away a large amount of traffic, so much in fact that train service has been greatly reduced on trolley lines and that passenger service has been abandoned on some branches of steam roads that are parallel to highways. In spite of all that the railroads have so far done, bus and truck lines have made great inroads on their earnings and are chiefly responsible for the inability of the Oregon Electric to earn interest on its bonds from traffic to Eugene, Hillsboro and Forest Grove, and the Southern Pacific's electric line has suffered in like manner.

Complaint is made by the railroads that, while they are strictly regulated by state and nation, motor lines are permitted to do much as they please. If a route proves unprofitable, a stage line can be transferred to another, for it has no investment in roadbed, track and stations. A railroad company's large stake in such property holds it to an unprofitable route, for suspension of service would involve forfeiture of franchise. Railroads are compelled to pay heavy taxes, a large part of which may be expended in construction of the highways used by their closest competitors. On their behalf it is argued that motor vehicles should be as heavily taxed for construction and maintenance of roads and should be as strictly regulated as railroads are.

The Source of State Highway Funds

This leads us to examination of the sources of highway funds. In Oregon the bulk of the funds is raised by bond issue, sinking fund and interest on which are paid from motor license fees and gasoline tax, all levied on motor traffic. The several sources from which funds were obtained to build and maintain the state highways in 1921 were:

State bonds.....	61.9 per cent
State taxes.....	5.5 per cent
¾ of motor vehicles fees.....	9.2 per cent
Gasoline tax.....	5.4 per cent

the Yellowstone Trail at Pocatello. It is without question the best automobile route from the east to the Pacific Coast, also having the attraction of great scenic beauty.

On the north bank of the Columbia River a road has been paved as far east as Camas and is being graded and rocked preparatory to paving as far as Stevenson. Crushed stone surfacing will be completed from here to Buena which is 17 miles southeast of Yakima. There it connects with the Inland Empire Highway which is covered with crushed stone through Pasco to Walla Walla thence through the Palouse country to Spokane where it connects with a tourist highway to Yellowstone and Glacier National Parks.

From Kelso west a road is being constructed along the north bank of the Columbia through Cathlamet and Skamokawa to the beach at Seaview and Ilwaco and thence to Willapa harbor. A road partly paved, partly of crushed stone, extends from Chehalis on the Pacific Highway to Grays Harbor.

From The Dalles the State of Oregon has under construction a crushed stone highway through Bend and over the Central Oregon Plateau through Crescent and Klamath Falls to the California line where it joins a road to Alturas. About 200 miles is completed and the other 115 miles is expected to be finished within three years.

The Roosevelt Highway starts at Seaside, the ocean terminus of the Old Oregon Trail, and generally follows the coast of Oregon to the California line. It has been constructed from Seaside up the Necanicum River and through Clatsop and Tillamook counties to Devil's Lake in Lincoln county. Thence a gap of 30 miles occurs to Newport. From Newport south there is a natural road along the beach through Waldport to Yachats, a distance of 26 miles. The Government is building ten miles from Lakeside to Hauser. From Hauser south to North Bend 7 miles is under construction. From North Bend the road has been paved to Coquille a distance of 23 miles. From Coquille to Bandon, 18 miles of surfacing will be finished this fall. From Bandon south to Euchre Creek, 48 miles, surfacing is completed. For 58 miles to the California line only a small portion is improved. California has built from Crescent City, 22 miles to the state line to connect with the Oregon road.

Eastern Oregon Being Developed By Highways

A large section of Eastern Oregon has been opened by the John Day Highway which runs

from Arlington on the Columbia River through Condon, Dayville, Canyon City, Vale to Nyssa on the Idaho line.

The McKenzie Highway runs from Eugene up the McKenzie River and over the summit of the Cascades near the Three Sisters and across the lava beds to Redmond where it joins The Dalles-California Highway. The Central Oregon Highway leaves The Dalles-California Highway at Bend and runs through Bend, Crane and Juntura to Vale. This highway is now being constructed over the Cascade mountains and will be passable from Eugene to Bend in the summer of 1924. Thence eastward there is a good natural road to Burns and a surfaced road to Crane.

Highway Opening Up Scenic Treasures

As an extension of the Multnomah county roads the Mount Hood Loop will be finished around the base of Mount Hood this year. Reaching an elevation of 4675 feet at Bennett Pass and 4160 at Barlow Pass which was a branch of the Old Oregon Trail, it circles around the mountain almost halfway to its summit and joins the state road down Hood River valley south of Parkdale, the loop being completed by the Columbia River Highway.

Another of Oregon's great natural wonders is reached by a road from Medford to Crater Lake, whence it continues to Klamath Falls, forming the fourth crossing of the Cascade summit in Oregon. Another crossing will be made by the Willamette Highway through Oakridge to Crescent on The Dalles-California Highway.

In Eastern Washington a road has been opened down the Okanogan and Columbia Rivers to join the Sunset Highway at Wenatchee.

Cost of State Highway Construction

The cost of state road construction and maintenance from 1916 to 1923 inclusive amounts to \$71,600,000 in Oregon and \$40,000,000 in Washington. Of these sums Washington has provided \$34,188,808 raised by taxation, no bonds having been issued, to which the government has added \$5,811,192. That state has laid out a program for the next twelve years which will cost \$80,000,000 by which the entire state system is to be surfaced. Oregon expended \$71,600,000 of which \$38,395,250 was raised by bonds, \$6,303,285 was contributed by federal aid and the balance was raised by taxation. The sinking fund and interest for the bonds are provided for by motor vehicle licenses and gasoline tax which is increasing at a rate

the cost of cartage between 33rd street and the premises of the trader, while the present cartage charge would be a net saving." He also says: "I am satisfied that the combined L. C. L. freight of all the railways reaching a city could be collected and delivered by a properly equipped single trucking organization, working in full co-operation with the railroads, at less cost than is now paid by the traders in that city for their cartage and still yield a reasonable profit to the trucking organization."

If this plan were followed in Portland, the present freight yards within the city could be sold for industrial or other purposes, the tracks within the city would be relieved of all less-than-carload shipments and of much switching, which is done at a loss to the railroads, and movement of carload lots through the new outer terminals and on main tracks would be greatly expedited. The increased service that railroads would obtain from their equipment can be conceived from the statement of Mr. Lyford that "the average time required by a freight car in carload freight service to make a round trip is about twenty days and of that time the car is actually moving in line haul, loaded or empty, only 2.2 days and it is actually earning revenue only 1½ days." This lost time in terminals is the principal cause of the low average movement of each freight car per day. It keeps terminals more or less congested, it holds in idleness a large percentage of the capital invested in cars, it causes railroads to buy more cars when they are getting only a fraction of the possible service from their present equipment, and it consequently restricts their net earnings and the margin available for reduction of rates.

Regulations

Transportation companies operating busses or trucks as common carriers on public highways are required to obtain licenses or certificates from the state commission of both Oregon and Washington. Their service and rates are subject to regulation and they are required to maintain continuous service. Fees and gross earnings tax are moderate and seem designed only to meet cost of regulation. They are also required to give bond to cover liability for injury to passengers and shippers. They must give notice of reduction or abandonment of service. In Oregon there is no restriction on duplication of service by competing companies along the same route. In Washington the commission was required to grant certificates to all companies operating on the date when the law became

effective, January 15, 1921, but has power to grant them to new applicants "only when the existing auto transportation company or companies serving such territory will not provide the same to the satisfaction of the commission." It is also the policy of the department of public works, which succeeded the commission to refuse certificates in territories sufficiently served by railroad transportation, and to permit curtailment or abandonment of rail service where it proved unprofitable and where truck or stage lines sufficiently supplied the public need. In Oregon the Southern Pacific railroad discontinued passenger and freight service on several short branches where parallel auto lines had deprived them of the bulk of their business and the Southern Pacific railroad was required by the commission to obtain a permit. It also curtailed service on its electric lines from Portland to Salem, Eugene and Hillsboro on February 9, 1924. In both states regulations also extend to for-hire passenger cars and trucks as distinct classes. This authority extends to for-hire cars operated within cities in Oregon, but not in Washington.

The great diversity of regulatory laws in the various states led a committee of the National Association of Railway and Utilities Commissioners to report in 1923 the draft of a uniform bill to be submitted to the states. It separates vehicles operating between fixed terminals over a regular route from independent operators for hire. Such a law operative in all states would greatly simplify regulation when motor vehicles are increasingly used in interstate traffic.

The City Club desires to acknowledge its indebtedness to the following persons and organizations for their indispensable help and collaboration in the preparation of this report and for the statistics given:

A. C. Rose, U. S. Bureau of Roads.

W. D. Skinner, until recently Traffic Manager of the Portland, Spokane and Seattle Railroad.

J. H. Mulchay, Assistant General Freight Agent, Southern Pacific Company.

Secretary of State, Oregon.

Department of Public Works, Washington.

The second section of this report with recommendations will be printed in the next issue of the Bulletin.