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Report on Economic Growth through Cooperation Among Lower Columbia River Ports

City Club of Portland (Portland, Or.)

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REPORT
ON
ECONOMIC GROWTH THROUGH COOPERATION AMONG
LOWER COLUMBIA RIVER PORTS

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Report on
ECONOMIC GROWTH THROUGH COOPERATION AMONG
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To the Board of Governors,
City Club of Portland:

I. INTRODUCTION

Ports have long played an important role in Oregon's economy. One out of every 5 jobs in Oregon, excluding agriculture, is tied to international trade. Growth in this trade is expected to continue with the development of the economies of the Pacific Rim nations.

The importance of marine export activity to Portland led the City Club's Standing Committee on Transportation/Communications to propose a study. The study charge, approved in June 1982, is as follows:

"Review and evaluate the structure, organization, and mission of Oregon's lower Columbia River ports, including the existing and potential need for cooperation among all lower Columbia River ports. Make appropriate recommendations."

Lower Columbia River ports include the ports of Astoria, St. Helens, and Portland in Oregon, and the ports of Longview, Kalama and Vancouver in Washington. To familiarize itself with the various ports' marine activities, your Committee interviewed various users, service providers, consultants and port officials. The interviews were used to develop necessary background information as well as assess opinions on port operations themselves. Ports outside the immediate area were visited to provide the broadest background possible. Appendix A lists persons interviewed. Materials reviewed by the Committee are listed in Appendix B.

A written survey was conducted by the Committee in August, 1982 to assess the attitudes of a large cross section of city and county officials, state legislators, port directors and commissioners, and port users such as representatives of steamship companies and freight-forwarders. The survey sought opinions regarding port operations, consolidation and potential cooperation. It was not designed as a scientific, statistically valid survey, but was intended only to elicit opinions and background information to guide the committee's work. Of the 262 surveys mailed, 54 responses were received.

II. HISTORY OF COLUMBIA RIVER TRADE

Long before 1792, when Captain Robert Gray discovered the mouth of the Columbia River, Indians carried on a thriving waterborne commerce. Captain Gray was followed by explorers Captain George Vancouver, Lieutenant William Broughton, and overland adventurers Lewis and Clark. Broughton was the first to cross the treacherous bar at the mouth of the Columbia and sail up 150 miles to the base of the Cascades.

By the late 1700s, Americans and British were competing for the Chinese trade, exchanging furs for tea, silk and porcelain. The once-isolated

Columbia River Basin became a lucrative outpost for their business interests, attracting trappers, traders and explorers.

American interests, led by John Jacob Astor's enterprise at Astoria, dominated the region until the War of 1812. Posts were established as far inland as Fort Hall on the Upper Snake River. However, by 1824, the Hudson Bay Company took over Astor's Astoria post and named it, for a brief time, Fort George. Not long after, the company moved to Fort Vancouver, which then became the center of its vast fur empire.

The new era of commerce, which had so rapidly changed the East Coast, found an eager market in the Pacific Northwest. The flourishing sea trade connected the Columbia Basin with Atlantic, European and Asian ports, while transcontinental rail and trail traffic encouraged emigration as well as trade.

Trade, although hindered by the Cascades, was brisk and profitable. Portland, incorporated in 1851, developed rapidly in an economy dependent on mercantile rather than fur interests. The city developed a thriving maritime commerce exporting grains and lumber to California and competing with Puget Sound ports. By the 1880s, the Oregon Steam Navigation Company, with its fleet of river- and ocean-going ships, augmented the railroad companies, connecting the region to the Northeast, Puget Sound and California.

The Cascade Locks were completed in 1896, allowing uninterrupted travel between Astoria and The Dalles. Navigation problems persisted, however, and the City of Portland formed a Port of Portland Commission in 1891 to address them.

The foremost problem was the Columbia River bar. Currents, combined with the confluence of the ocean and the river, could keep a ship lying off the coast for six weeks and longer. Delays and losses seriously limited trade. Portland funded the construction of rock jetties at the bar, which were begun in 1885. But, even to this day, the bar crossing is considered one of the world's most hazardous.

The Port of Portland Commission was given responsibility to improve the Portland harbor, build a floating dry dock, maintain a 25-foot channel to the sea, establish and maintain efficient towage and pilotage for the port, and sell coal and supplies.

By 1910, the Portland Commission of Public Docks was established for the sole purpose of the construction and rehabilitation of the docks in the Portland harbor. The Ports of Vancouver and Astoria were created in the early 1900s. Other Columbia River ports were not formed until the early 1940s or later.

The wheat boom in eastern Oregon and Washington in the early 1900s promoted the construction of The Dalles-Celilo Canal, opening up continuous river travel 465 miles from Astoria to Lewiston, Idaho.

Portland and Vancouver were major shipbuilding centers after World War I. Grains continued to be a major export, but the most dramatic growth was

realized in lumber exports. Portland exported more lumber by water than any other city in the world.

When the Bonneville Dam was completed in 1937, the Columbia River became a principal hydroelectric producer for the Pacific Northwest. Today, there are eight major dams on the Columbia and Snake rivers, aiding the flow of traffic up and down river.

The Columbia River's exports have changed little in the intervening years. Wheat is still the principal export, although alfalfa, grass seed, fruit, vegetables, bulk commodities, petroleum products and processed foods are growing. Lumber and wood products were strong until the economic downturn of the last few years. Manufacturing and service businesses related to exports are increasing.

Today, the Columbia River Basin exports goods from a region stretching from the West Coast to the Great Lakes. Exports of Pacific Northwest wheat to Asian markets are largely handled by Columbia River ports, which trans-ship barge deliveries from the upper reaches of the Columbia and Snake rivers. Regular barge service now extends to Lewiston, Idaho, 465 miles from the Pacific Ocean.

The Ports of Portland and Vancouver are the most diverse and developed of the Columbia River ports. Although 110 miles inland, they are closer to the sea than Seattle (140 miles) or Tacoma (180 miles). However, the Ports of Seattle and Tacoma are deepwater ports and can accommodate larger vessels.

III. ECONOMIC HEALTH OF LOWER COLUMBIA RIVER PORTS

A. Impact of International Trade on Oregon's Economy

International trade is a growth industry, and its impact on Oregon's economy is significant. Increasing trade with Pacific Rim countries has caused tremendous growth in lower Columbia River ports' marine trade in spite of economic downturns which have occurred since the oil shortages of 1974-75. The Pacific Rim countries, with 1.5 billion inhabitants, account for roughly one-third of the world's population (1). As Pacific Rim nations, especially China, experience economic growth, their share of world trade will increase.

Lower Columbia River ports' waterborne trade grew 127% between 1971 and 1981, while containerized trade rose 314% (2). International marine trade through the Oregon Customs District was 21.5% of the total gross state product in 1980, up from 12.2% in 1970, according to the Department of Economic Development. These figures include goods produced outside Oregon, but exported from the state (3). Exports of Oregon's products alone are projected to grow by \$1.12 billion over the next decade (4).

Oregon exports almost \$4 billion of goods annually. This international trade generates an estimated tax revenue of \$76 million annually and creates 120,000 jobs in Oregon, or one out of every five non-agricultural jobs (5). The 19,200 jobs directly related to foreign trade pay \$360 million in wages. Another 28,000 jobs in forest products, agriculture and

manufacturing exist due to maritime commerce. Indirect economic impacts include the effect on local businesses benefiting from port-related payrolls and product demands.

Overseas economies will continue to have a major impact on the economic health and growth of West Coast ports. Since exports exceed imports, Columbia River ports directly feel the impact of overseas economic problems. Due to the recession, some major projects have been delayed or canceled. Coal is a commodity which reflects this situation. A few years ago, coal was thought to be the export of the future. Ports all along the West Coast sought to develop a coal exporting facility, and coal terminals were planned on the Columbia River at Portland, Kalama and Astoria.

The economic recession, however, brought a drop in the world-wide use of oil. With it came a drop in prices and an increase in the supply available. Far East countries that had been planning to shift from oil to coal (mainly Japan, Taiwan and Korea) began a slowdown in that conversion. The result was a substantial drop in the overseas market for American coal.

The lack of firm customers caused the plans for coal terminals at Astoria and Kalama to be dropped. Construction of the coal terminal at the Port of Portland has suffered delays because of legal battles. No customer has yet been announced for the Portland coal terminal. Although it has become national policy for most growing Far East nations to diversify their future energy sources, this did not automatically assure an immediate market for coal. Low oil prices will continue to have a negative impact on conversions to coal.

In addition, waterway user fees, if adopted as submitted, could price the Columbia River ports out of the international marine trade market. Congress has before it several proposals for waterway user fees which would help pay for maintenance of various channel activities. The proposals would require local authorities to pay up to the full cost of new port improvements and a greater share of routine port dredging costs, costs now borne by the federal government. These proposals, if adopted, would place Columbia River ports, chiefly the Port of Portland, at a competitive disadvantage with Puget Sound ports, which require no dredging. One response to this concept is a proposal for a unified waterway user fee, which would more evenly distribute the cost among all ports, regardless of their dredging needs.

B. Lower Columbia River Ports and West Coast Competition

Future growth possibilities of lower Columbia River ports look impressive. Grain has long been the major export commodity in terms of tonnage. From 1970 to 1980, grain exports more than doubled, increasing from 5.8 million tons to 12.6 million tons annually. According to the 1982 "Columbia/Snake River System - River System Potential" report, it is expected this growth will continue and that by the year 2000, 21 million tons of grain will be exported. These predictions do not include feed grains, a relatively new export commodity expected to grow to 11.5 million tons exported annually by the year 2000.

Other cargoes also are expected to grow. The System Potential report predicted container cargo could triple in volume by the year 2000. Automobiles, steel, dry bulk, commodities and forest products all are expected to increase in volume.

However, inland lower Columbia River ports face a major marketing challenge to remain ports-of-call for private shippers. Major private shipping companies are beginning to centralize their operations, saving time and money by calling at one instead of several West Coast ports.

Containerized trade is another growth area. Containerized cargo is less labor intensive and faster loading/unloading than other cargo. However, lower Columbia River ports have not been as competitive as other West Coast ports in containerized cargo handling.

Demand for developable waterfront land for port-related activities is still high. Ports without an inventory of available, developable land will experience limited growth over the next 20 years. Lower Columbia River ports generally have waterfront land, although the Port of Astoria is financially limited in its ability to develop its land resources.

The next decade will most likely see much competition for the "land bridge" traffic from the Midwest and East Coast areas. Ports are just one component of land bridges, the chain of transportation services and facilities which link coast and inland markets. Growing concern about the future of the Panama Canal may result in additional activity at West Coast ports. Congestion at the Canal, its shallow depth (38-foot draft maximum) and political considerations make West Coast ports an attractive alternative to shipping through the canal.

In order to compete successfully with other large ports on the West Coast, tremendous capital investment is required. Over the next 20 years, Long Beach, California, has budgeted \$1 billion, the Port of Seattle \$200 million, and the Port of Portland \$270 million for capital improvements.

C. Lower Columbia River Ports and Puget Sound Competition

The ports of Puget Sound, notably the ports of Seattle and Tacoma, compete with the ports of the Columbia River, principally the Port of Portland, for both import and export marine traffic. With the recent decision of Sea-Land, the West Coast's largest container shipper, to relocate its operations from the Port of Seattle to Tacoma, both Tacoma and Seattle will be significantly larger ports, in terms of annual revenues, than the Port of Portland.

Trade forecasts for the next 20 years suggest that ports in the Puget Sound region will experience a significant increase in cargo tonnage, both foreign and domestic (6). Containerized trade to the region is expected to more than double.

The Puget Sound ports are expected to improve their advantage over the Columbia River ports in trade with Pacific Rim countries due to their significantly larger population base and a significantly earlier entry into containerized cargo handling. However, land bridge transportation to Puget

Sound is more costly and time-consuming than to Southern California or the lower Columbia River because of the necessity to negotiate a passage through the Washington Cascades range.

Because of the lack of developable land, future growth for the Port of Seattle is limited. On the other hand, the Port of Tacoma has available to it large amounts of undeveloped land, a reputation for aggressive marketing and a recent history of dramatic growth. A bill was introduced in the 1983 session of the Washington Legislature that would have consolidated the ports of Seattle, Tacoma, Everett and Olympia. Introduced by a Seattle legislator, the bill stated that Puget Sound ports must "work together to compete successfully against other ports up and down the West Coast" and must "jettison this fratricidal idea of regional competition with taxpayers' dollars and work together for the benefit of (the Puget Sound) region."

The bill did not pass due to the strong opposition of representatives from the Tacoma area. However, the introduction of the bill signaled increasing recognition of the effects of regional competition for trade and the willingness to explore the idea of consolidation to produce increased benefits for an entire region.

IV. STRUCTURE, ORGANIZATION AND MISSION OF LOWER COLUMBIA RIVER PORTS

The tables following summarize the structure, organization and mission of the six lower Columbia River ports and the Ports of Seattle and Tacoma. The map following shows the study location.

A. Structure

The Port of Portland is the only port with appointed commissioners and a multi-county district. The Port of Portland is governed by a 9-member Commission appointed by the Governor, in contrast to five-member elective boards in Astoria and St. Helens.

In Washington, all ports are governed by three-member elective commissions except for those located within a district of more than 500,000 people (the Ports of Seattle and Tacoma) which are governed by five-member commissions.

Management of port activities in the case of either an elected or an appointed commission is undertaken by a professional staff reporting to the commission.

B. Organization

The six lower Columbia ports receive annually more than \$53 million in operating fees primarily from marine-related activities. Collectively, the ports contain: berthing for more than 80 ships, multi-purpose loading and unloading facilities that handle a full range of cargoes, over 3 million square feet of warehousing, and management of more than 7,000 acres for industrial and marine-related users.

LOWER COLUMBIA RIVER PORTS - SUMMARY INFORMATION

PORT	STRUCTURE	FACILITIES	EMPLOYEES	TOTAL		OPERATING REVENUE	MISSION
				ASSESSED VALUATION	ANNUAL TAX REVENUES		
ASTORIA (Clatsop County)	Elective Commission-5 Executive Director	9 Berths 400,000 S.F. Warehouse. Roll on-Roll off Grain Terminal 320+ Acres Including Tongue Point Owned by State	3	\$1.7 Billion	\$169,976	\$2.5 Million	ECONOMIC DEVELOPMENT * Principal Cargoes: Logs and Grain. Some container/general cargo * \$40 million grain moderniza- tion announced. * Coal Export facility postponed * Potential for deep draft port, but major expenditures needed for dredging site development and transportation improvements. * \$4.1 million bond levy passed to reconstruct pier 1 (to accommodate longer vessels) * Floating oil derricks planned for shipments to Alaska's North Slope.
ST. HELENS (Columbia County)	Elective Commission-5 Director	Small Boat Marina 180 Acres Owned by State in Rainier Aviation general facilities McNulty Creek & Milton Creek Industrial parks	2	\$1.1 Billion	0	\$1.8 Million	ECONOMIC DEVELOPMENT * Marketing Columbia County for new industry.

NOTE: ALL STATISTICS-1983, limited to marine activities.

LOWER COLUMBIA RIVER PORTS - SUMMARY INFORMATION

PORT	STRUCTURE	FACILITIES	EMPLOYEES	TOTAL		MISSION	
				ASSESSED VALUATION	ANNUAL TAX REVENUES		
OREGON							
PORTLAND (Clackamas, Multnomah, and Wash-ington Counties)	Appointed Commission (9) by Governor Tri-County District Executive Director (Non-Marine Activities Include Aviation and Economic Services)	Five Marine Terminals Break-Bulk Container Multi-Purpose General Cargo -Roll on-Roll off -2 Grain Elevators -Foreign Trade Zone -1,700,000 SF of Warehousing -Ship Repair 3,750 Acres industrial property in Rivergate, Mocks Landing and Swan Island 4 drydocks Portland ship Repair Yard Portland International Airport Portland-Hillsboro Airport Portland-Troutdale Airport Dredge OREGON	600 (Includes Billion Non-Marine)	\$30.6	\$5,000,749	\$29,000,252 (Excludes non-marine)	TRANSPORTATION AND ECONOMIC DEVELOPMENT * Measurement through profitability and regional economic support. * Operating port. * Worldwide marketing of services. * West Coast leader in total volume of export tonnage and automobile imports

NOTE: ALL STATISTICS-1983

LOWER COLUMBIA RIVER PORTS - SUMMARY INFORMATION

WASHINGTON

PORT	STRUCTURE	FACILITIES	EMPLOYEES	TOTAL		MISSION	
				ASSESSED VALUATION	ANNUAL TAX OPERATING REVENUES		
VANCOUVER (Clark)	Elected Commission-3 Port Manager	7 Berths Roll on-Roll off Liquid Bulk Dock Container Grain Terminal 500,000 S.F. Warehouse Bulk and Refrigerated Storage 1,100 Acres (300 Acres Contain over 26 Tenants) Remaining 800 acres available for future development Drydock loading facility	72	\$2.8 Billion	\$1.269 Million	\$11.1 Million	ECONOMIC DEVELOPMENT * Industrial development for Portland and community. Diversification and attraction of importers/exporters to utilize facilities. * Gateway to river—barge ports of Columbia/Snake River * Landlord and port operator. * Sponsor of major reclamation project —community recreation.
KALAWA (Cowlitz)	Elected Commission-3 Port Manager	3 Berths Marina 850 Acres (222 Developed and 630 Undeveloped) 2 Terminals (grain and chemical) 165,000 S.F. Warehouse (Private)	7	\$220.0 Million	\$48,055	\$1.437 Million	ECONOMIC DEVELOPMENT * Landlord not operating port. * New grain elevator under construction. * Major cargo—grain. * Coal facility postponed.

NOTE: ALL STATISTICS-1983

LOWER COLUMBIA RIVER PORTS - SUMMARY INFORMATION

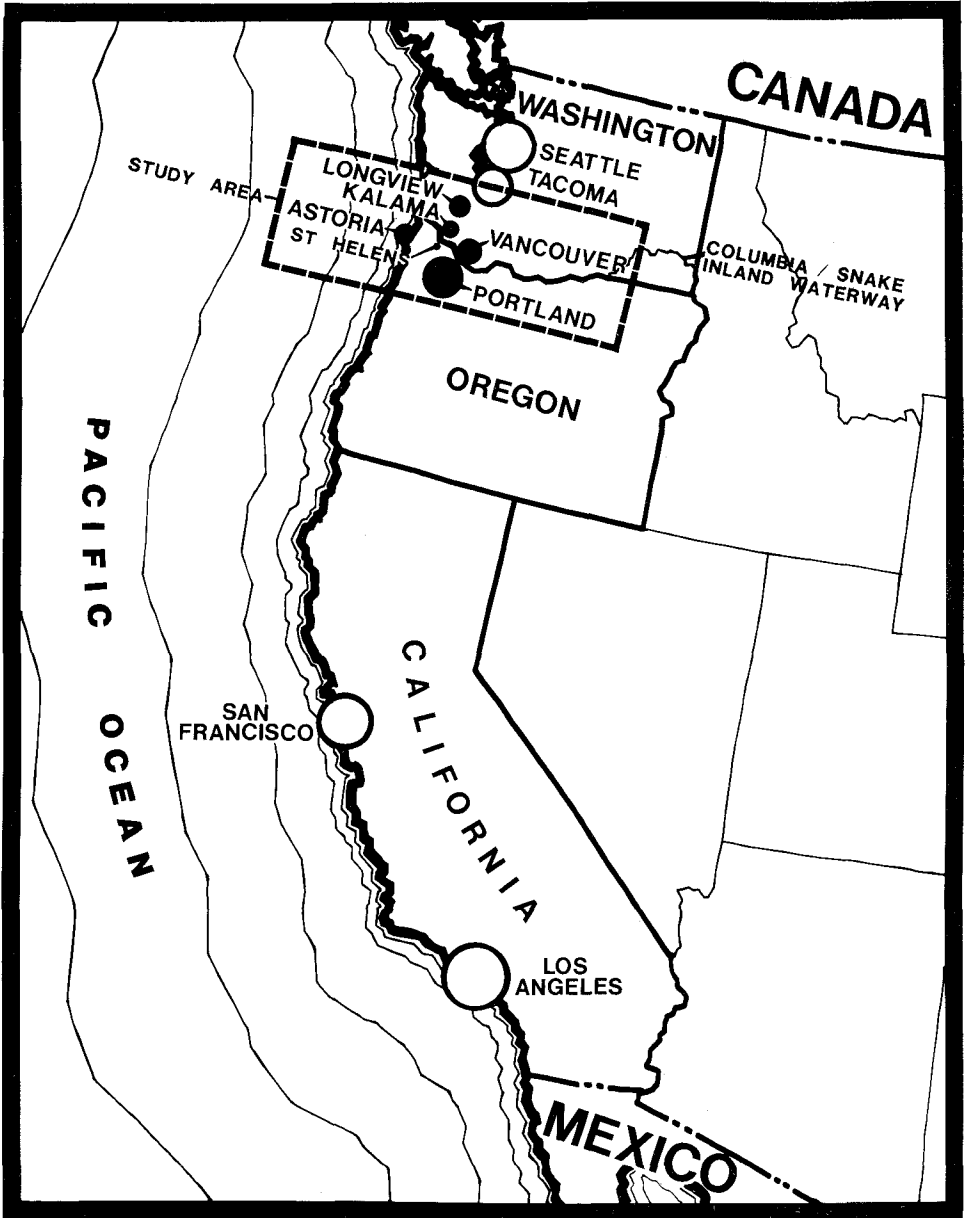
WASHINGTON

PORT	STRUCTURE	FACILITIES	TOTAL EMPLOYEES	ASSESSED VALUATION	ANNUAL TAX OPERATING		MISSION
					REVENUES	REVENUE	
LONGVIEW (Cowlitz)	Elected Commission-3 Port Manager	7 Berths 837 Acres with 187 Developed and 650 Unde- veloped Roll on-Roll off 1,160,000 S.F. Warehousing Grain Elevator Barge Terminal 3 whirley cranes 1 container crane 1 heavy lift derrick 1 bulk facility	29	\$2.9 Billion	\$1.32 Million	\$8.37 Million	ECONOMIC DEVELOPMENT * Operating port--third largest in State. * Multi-purpose port: Lumber, logs, dry bulk, grain and containers. * Mid-point from ocean.

PORTS OF SEATTLE & TACOMA - SUMMARY INFORMATION

PORT	STRUCTURE	TOTAL ASSESSED VALUATION	EMPLOYEES	ANNUAL TAX OPERATING REVENUES		MISSION
				\$	Million	
SEATTLE	Elected Commission-5 Executive Director	Sea Tac Airport 4 major terminals 17 container cranes Break bulk facility 100 acres for Nissan Autos Bay Mariner Fisherman Terminal Harbor Area - 1000 acres 7000 acres for airport	975	\$20 Million	\$94.8 Million	TRANSPORTATION & ECONOMIC DEVELOPMENT
TACOMA	Elected Commission-5 Executive Director	2400 acres (800 available for development) 2 industrial development districts 33 berths 4 container cranes 7 heavy lift cranes 2 rail switching engines 300 acres surface open storage 1.9 million S.F. covered stoage 2 grain elevators 20 shipping lines	183	\$4 Billion	\$28 Million	TRANSPORTATION & ECONOMIC DEVELOPMENT \$40 million terminal construction

NOTE: ALL STATISTICS-1983



The Lower Columbia River port districts together have tax bases that exceed \$33 billion in valuation and which provide annual property tax revenues of less than \$10 million.

All ports except Kalama and St. Helens act as both operator and owner of port facilities. The Port of Portland is the dominant operator, with more than 70% of the berthing facilities and one-half of the land. Two-thirds of the revenues are generated by Portland. Vancouver and Longview together account for almost one-third of the revenues, 25% of the available land base, and 20% of the berthing facilities.

C. Mission

Economic development is the primary mission of all the ports. Only Portland ranks its role as "transportation coordinator" equal to that of its role in economic development.

The Oregon Public Ports Association (OPPA) recently approved its first formal economic development policy: "The business of ports in Oregon is to help stimulate the growth that is planned for the State and its communities, and to help develop jobs, industries and facilities to keep Oregon economically healthy."

Each port has identified particular factors that influence its economic development mission such as location, assets, and resources. These factors are listed in the preceding chart.

D. Port Law

1. Statutory and Taxing Powers of Oregon Ports

All Oregon ports have broad statutory powers to carry out their missions. These include the authority to acquire property by condemnation, maintain tug and pilot service, exercise control of all rivers and harbors within their boundaries, construct and operate public marine facilities, and own and operate towboats, barges and railroad lines.

Ports obtain their operating revenues and finance their general bonded indebtedness through property tax assessments and user fees. In addition, the ports have the statutory authority to borrow money and issue and sell revenue bonds without obtaining voter approval.

The Port of Portland has the same statutory powers as do the other Oregon ports. Because it encompasses the populous tri-county area, however, the Port of Portland has a substantially larger tax base. It does not share the maximum tax rate limitation imposed on other ports.

The Port of Portland's general obligation bonding percentage limitation is slightly lower than that established for other Oregon ports. However, unlike other ports, no voter approval for the issuance of general obligation bonds is required unless the total amount exceeds \$3,000,000 in any one year. Also unlike other ports, the Port of Portland is not restricted by statute to establishing any particular maximum rate of interest that bonds may bear.

2. Oregon Ports Division

In 1969, the Ports Division was created as a division of the Oregon Department of Transportation. It later was moved under the Department of Economic Development. Four separate port regions were established to "discuss and solve problems of common interest." The Economic Development Commission, through the Ports Division, was designated as the statewide coordinating, planning and research agency for ports, including those port activities involving international trade.

The Commission was charged by the Legislature with ensuring "the most orderly, efficient and economic development of the State Port system." Recognizing the importance of developing overseas markets for the state's export commodities, the 1981 Legislature declared the development and improvement of port facilities along the Columbia River east of Portland and the development of deep water port facilities at Astoria, Coos Bay and Portland to be "a state economic goal of high priority."

The Legislative Committee on Trade and Economic Development was assigned the responsibility for study and promotion of international trade efforts and economic development activity, and the Commission was directed to coordinate its activities with the legislative committee.

The Ports Division's activity effectively consists of administering the Oregon Port Revolving Loan Fund and providing assistance to ports in special projects. The Revolving Loan Fund provides up to \$750,000 per port district in loans for development projects. No single loan may exceed \$500,000. In the event insufficient funds are available in the Revolving Fund, the State Treasurer may issue up to \$3,000,000 in revenue bonds secured by money repaid to the Fund.

In 1983-84, loans for port development projects included:

Port of The Dalles -	\$100,000 to acquire and develop industrial property adjacent to a current industrial park
Port of Morrow -	\$225,000 to acquire buildings and equipment to export alfalfa cubes
Port of St. Helens -	\$325,000 to acquire and modernize a building for electronics manufacturing
Port of Newport -	\$500,000 to provide additional improvements to an export dock facility
Port of Bandon -	\$45,000 to improve a boat basin.

3. Statutory and Taxing Powers of Washington Ports

Washington ports also enjoy broad statutory powers. Like their Oregon counterparts, Washington port districts finance their operations and general bonded indebtedness in part through the levy of property taxes. The taxing authority for Washington ports is more flexible, however, than it is for Oregon ports. For example, additional levies are permitted to cover the costs of port maintenance and construction and to finance participation in the Washington Public Ports Association. If a port has adopted a comprehensive plan for harbor and industrial improvements, an additional tax may be levied for a six-year period. Those ports operating a foreign trade zone may levy an additional tax with voter approval.

V. COOPERATIVE EFFORTS

Cooperation among lower Columbia River ports has been formalized through written agreements between the Port of Portland and the Ports of Astoria and St. Helens. These agreements, termed "Memoranda of Understanding," are general documents designed to promote cooperation and a sense of shared purpose. In practice, the cooperation has been principally limited to the provision of technical expertise for specific projects by the Port of Portland.

Both Oregon and Washington also have statewide organizations designed to improve cooperation and communication among ports. In addition, the ports along the Columbia/Snake River system have joined together to fund studies and develop an action plan. These groups are described below.

A. The Oregon Public Ports Association

The Oregon Public Ports Association (OPPA) is a voluntary association of Oregon ports, founded in 1961, to foster development and explain the role of the ports in the state from the point of view of the communities within Oregon's 23 port districts (see Appendix C). There are three principal foci of the OPPA's efforts: (1) legislative matters affecting ports; (2) public relations programs; and (3) state regulations affecting port operations. OPPA's budget, derived from member dues, was \$22,000 in 1983 but grew to \$40,000 in 1984. Increased legislative efforts prompted the organization to hire a full-time (rather than a part-time) executive secretary in October, 1984.

The OPPA is governed by an Executive Committee composed of representatives from the member ports. Member ports are free to form regional associations within the OPPA, such as the one established for the Lower Columbia River ports (Portland, St. Helens and Astoria).

Because of budgetary constraints, the association's activities have been restricted to the publication of a monthly newsletter, the establishment of a program for legislative activities, and assistance in circulation of an annual questionnaire designed to identify small ports' common areas of interest.

B. The Washington Public Ports Association

In 1961, the Washington Legislature authorized the creation of the Washington Public Ports Association (WPPA) as the coordinating agency for the state's port districts. The WPPA operates independently of the state government on behalf of its members. The purpose of the association as set forth by the law is to:

- (1) Initiate and carry on studies required for the proper development and improvement of commerce in all port districts;
- (2) Cooperate with the state and port districts, including those outside the state, to promote and advertise the properties, utilities and facilities of the port districts;
- (3) Exchange information relative to port operations;
- (4) Promote and encourage port development;
- (5) Promote and encourage the development of transportation, commerce and industry; and
- (6) Operate as an information clearing house, public relations arm and liaison for port districts.

The WPPA has a full-time, six-member staff. Money for its operations comes from dues assessed against the ports through property taxes. The 1982 budget for the association was approximately \$250,000.

Chief among the six WPPA standing committees are the Legislative Committee, which acts as an advocate for legislation affecting the members, and the Cooperative Development Committee (CDC), which was formed as a result of the comprehensive Port Systems Study completed in 1975. The CDC reviews virtually every proposed facility development for the state's ports.

When the CDC was established, it was hoped it could stimulate membership on both sides of the Columbia River, particularly the Port of Portland, but also the Port of Astoria. Representatives of both ports were present at the initial meeting of the committee in 1975 and the Port of Portland was involved in the Port Systems Study. However, due to a perceived bias in favor of the Washington ports, neither Portland nor Astoria elected to become members.

C. Columbia/Snake River System Group

Thirty-four ports along the Columbia and Snake rivers joined together in 1980 to do a cooperative study on the potential of the river system and to identify action needed for river system development. A report entitled "Columbia/Snake River System - River System Potential" was completed in 1982. This report was followed later that year by an "Action Plan."

Funding for these studies was provided by the various ports according to their size and by the Pacific Northwest Regional Commission. In addition, the Port of Portland provided staff support and project coordination.

The "Action Plan" recommended three goals for the group during 1982-1983:

- (1) Remain together and continue meeting on a regular basis to pursue issues of mutual interest;
- (2) Carry out necessary activities in support of the authorization of a new lock at Bonneville dam; and
- (3) Identify and implement a marketing program to complement the efforts of individual ports.

Since 1982, the Columbia/Snake River Marketing Group has continued to work on navigational and marketing issues in an effort to strengthen the competitiveness of the river system. The group's second annual conference, held in April, 1984, included business representatives and representatives of 34 ports.

The group's annual budget of \$60,000 was increased to \$120,000 in 1984 to support such activities as implementation of a marketing plan to be completed by a consultant and the development of target markets for marine and industrial development and tourism. Past joint efforts on navigational issues will be continued.

Seventy-five percent of the group's budget is provided by the lower Columbia River ports of Portland, Vancouver, Astoria, Kalama and Longview. Membership is limited to representatives of port districts and state transportation departments. Private sector representation is not yet included. The role of the private sector in the group's activities, however, is expected to increase over time.

D. Mid-Columbia Marketing Group

Five port districts have joined together with other government and business groups in Hood River, Wasco, Sherman, Skamania and Klickitat counties to form the Mid-Columbia Marketing Group. This effort is designed to market the Mid-Columbia area to business and industry to enhance, collectively, the economic development efforts of the local governments.

VI. DISCUSSION

The importance to Portland of marine shipping activity, coupled with the potential impact of international trade to Oregon's economy, prompted the City Club to authorize a study of the Lower Columbia River ports. Economic growth in the Pacific Rim countries dictates that we study strategies for planning, marketing and possible consolidation if Lower Columbia River ports are to capture a substantial portion of the shipping market.

A. Lower Columbia River Ports As a System

Lower Columbia River ports provide services in a regional, national, and multi-national marketplace. Shippers, cargo handlers and transportation providers compete within that large scope, whereas ports, due to their statutory structure, work under the restraints of local political jurisdictions and those jurisdictions' financial restrictions.

The revenue bases of ports are derived in large part from taxes paid by the citizens of the individual port districts. Therefore, each port is accountable primarily to its own port district citizens without regard to the extent of benefits accruing to the broader region as a result of port operations.

In Committee interviews, representatives of the Port of Portland administration clearly viewed their responsibilities as limited geographically. The Port of Portland competes with cities, counties, school districts and the state for local taxes within the tri-county port district and it is to these taxpayers the Port feels primarily accountable.

However, several Port of Portland commissioners and virtually every user of the Columbia River port system advocated a broader yardstick for measuring the success of Oregon's Columbia River ports than the geographic public being served. The various users (shippers, barge operators and railroad companies) viewed ports' economic impact as regional. Users described the Columbia River ports as "a system." They tended to regionalize West Coast ports generally, referring, for example, to "Southern California" or "Puget Sound" ports.

The impetus in recent years to emphasize regional services rather than political boundaries has been provided by the "land bridge" concept, the chain of services and facilities reaching across the U.S. to provide goods to consumers. Large capital investments are needed to build modern terminal facilities which can accommodate both river- and ocean-going vessels and other cargo transporters, such as rail or overland trucking.

However, at a time when sources of capital have decreased, it appears existing port districts may not be able to build these needed facilities. Further aggravating the availability of capital in the Pacific Northwest are uncertainties in the bonding market due to the 1983 default by the Washington Public Power Supply System, and the reluctance of Oregon and Washington voters to increase support subsidies of public programs.

Advances in transportation and shipping technology also contribute to the realization that smaller ports do not have the resources to properly plan and compete for future development. Proper port planning involves not only day-to-day port operations, but considerations such as market demands, economic growth trends, changes in technology, transportation problems, port facility development and maintenance, land use restrictions and the identification of usable sites. In competing to provide new technologies, the construction of terminals and the purchase of new equipment may take place before contracts to handle the cargo are assured. The coal terminal in Portland is one example. Additionally, premature development exhausts scarce industrial sites with river frontage or access.

The mechanics of modern port planning are complex and expensive. Proper planning may not have predicted the soft coal market or the downturn in the wheat market. However, the decision on a coal export facility provides an example of how the entire region could benefit economically by regional planning. Recognizing that one coal export facility within the region would be capable of handling the demand, a regional marketing

approach could have concentrated marketing dollars on selling one facility at the most suitable site.

B. Limitations to a Regional Approach

Up to this point, this report has discussed port districts in both Oregon and Washington, as the Committee's charge directed. Initially, it seemed appropriate to look at these ports as a group in terms of geography, common cargos and potential for cooperation. After considerable study, it became apparent that for various reasons, including structure and the state's role, the Columbia River is as much a point of division among these ports as it is a common resource.

While it seems reasonable to consider the six ports or a single region, in reality half of them are in Oregon and half in Washington. Any proposed changes requiring legislative approval would have to contend with the political power that the Puget Sound ports would be able to exert in Olympia. Since the ports of Seattle and Tacoma are in vigorous competition with the Port of Portland, it seems likely that any changes involving Washington ports that could give a competitive advantage to Portland would be strongly opposed by Puget Sound interests and legislators.

As mentioned earlier, one need only look at the unsuccessful attempt to consolidate the Seattle-Tacoma-Everett-Olympia ports in the 1983 Washington legislature to imagine the dispute that might arise were a proposal developed to place three Washington ports in an arrangement where the Port of Portland inevitably would be the dominant force.

In addition, any kind of unified Lower Columbia River port district would involve bi-state financing. The Committee is of the opinion that proposals involving ports on both sides of the river would require lengthy political debate due to the disparity between the states in tax systems. Finally, any plan to alter significantly the current structure of Lower Columbia River ports would add to the political discussions.

Having identified these obstacles to a bi-state approach, the Committee found good reasons to adopt a view of ports' activities and needs that is based not on the Columbia River, but on the entire state of Oregon. The incentives for such a statewide approach are outlined in Part E of this section. For these reasons, the Committee feels that much more could be accomplished in a more timely manner, if its recommendations were focused on actions that could be taken solely within Oregon. The significance of international trade to Oregon's economic development should not be impeded by the barriers to possible consolidation of the Lower Columbia River ports.

C. The State of Oregon's Role

As early as 1973, with the creation of the Department of Economic Development (DED), Oregon's legislature recognized "... A great and growing need for balanced economic and community development to provide and maintain orderly economic growth and the preservation and enhancement of all facets of Oregon's environment."

The legislature found there was a need for coordinated programs at the state level to assist and encourage "balanced industrial, commercial and community development and of enhanced world trade opportunities."

Finally, the development of new and expanded overseas markets was found to be an area of "great potential for furthering balanced economic growth," especially in the field of increased processing of Oregon's agricultural commodities and manufacturing products.

The 1981 legislature reaffirmed its support of this policy declaration, again noting the important function of the state in assisting and encouraging the enhancement of world trade opportunities, and expressly noting the role of the ports as export centers for the state's goods. Development and improvement of port facilities suitable for use in world maritime trade at each of the mid-Columbia ports, and the development of deep-water port facilities at Astoria, Coos Bay, Newport and Portland, were declared to be "a state economic goal of high priority." All state agencies were directed to assist in achievement of these goals by expedited processing of necessary permit applications and by assisting the ports with available financial assistance.

Ports were expressly granted the power to enter into cooperative agreements with other ports to exercise jointly all power granted to the ports individually, with an annual report of the accomplishments under such agreements to be transmitted to the Legislative Committee on Trade and Economic Development. Indeed, the committee, as early as 1975, was directed to promote the development of international trade to bolster the state's economy. Significantly, the committee was further directed to "engage in appropriate legislative activities to extend and strengthen strong interstate programs in international trade from which the people of Oregon will benefit."

In spite of this recognition of the importance of state assistance in enhancing trade opportunities, limited state funding and port division changes have hampered achievement of the legislative mandate. Out of the Department of Economic Development's \$6.2 million budget in 1981/83, \$877,274 was allocated to the International Trade Division for the promotion of export trade and \$197,913 for the administration of the Ports Division. In 1983/85, DED's budget increased to \$13.4 million, more than double the 1981/83 allocation. The International Trade Division's allocation increased to \$912,647 (+4%) while the Ports Division budget dropped to \$190,000 (-4%). Ports Division changes in personnel have further hampered its effectiveness. Three Ports Division managers have served during the past three years.

From its creation in 1978 through November 1, 1982, disbursements from the Oregon Port Revolving Loan Fund totaled \$6,528,243, an average of \$1.3 million annually. The fund was allocated \$2 million in both the 81/83 and 83/85 biennia. As exports alone generate an estimated \$76 million a year in tax revenues to the state, the state's reinvestment of these funds (either through the Revolving Loan Fund, the Ports Division or the International Trade Division) appears to be low in view of the income generated and the legislature's strong policy stand on the department.

D. Oregon Public Ports Association (OPPA)

OPPA representatives believe an expanded role of the OPPA would serve the public interest well, particularly in tying port development to the state's economic development. OPPA hopes to work with the state to define an inventory of facilities, cargo and land for prospective customers. OPPA's effectiveness in these areas has been severely restricted by its limited budget.

Officials of the Washington Public Ports Association believe that the fact that WPPA can speak on behalf of all Washington ports gives it a great deal of clout at the state level and more authority at the national level. The WPPA also would like to see a strengthening of the OPPA so that the two state port associations could work together at the federal level to advance their common interests. WPPA has worked with Oregon ports on areas of mutual interest such as the dredging of the Columbia River in the aftermath of the Mt. St. Helens eruption, user fees, lobbying at the national level, and exchanging information with regard to WPPA's port systems study.

E. Increasing Coordination of Oregon Port Programs

Experts in world trade often point to the "interdependence" of nations around the globe. A similar observation might be made about the port districts, cities and counties of Oregon. While each unit has its own attributes, needs, and desires for autonomy, they nevertheless are bound together by certain economic and political ties. The relative health of some can have a major impact on the well-being of others.

Cities and counties may have their own programs for economic development, but it is doubtful any of them would deny that they are affected by the state's overall economy and by what happens in other localities. Similarly, activity in one port district has an effect far beyond that district's boundaries. Certainly, the economic impact of the Port of Portland does not stop at the Clackamas-Marion county line. Nor is the health of the Port of Coos Bay of interest only to residents of Coos Bay/North Bend.

While this may seem evident in our era of heightened economic awareness, the political and fiscal structures of Oregon ports do not reflect this reality. In fact, the state's port districts are an unusual and, in some respects inefficient, hybrid. The port districts are government entities, but their commissioners make primarily business decisions. They deal with shippers, transportation companies and developers in widely varied locations, yet much of their capital funding comes from bond issues approved by local voters. They are involved in global economic developments, but at least a portion of their operating budgets are bound up in the strictures of the local property tax system. The markets for their services are both foreign and domestic, and they have large physical plants which often require extensive maintenance.

The growth in the value and impact of Oregon's ports should be of interest to all Oregonians, but the ports' current structure limits statewide expressions of interest.

Oregon's location on the Pacific Rim provides potential opportunities for future growth in its export trade. This growth may be slow in developing, but the sheer size of the population of Pacific Rim countries suggests tremendous future trade opportunities. The capital improvements that Oregon's ports may need to invest to meet the future could be enormous.

Leadership at the state level is needed to develop ways to meet these future opportunities. We feel that the opportunity offered to Oregon in terms of jobs and further economic development cannot be left to a series of independent port districts. While most of those ports have done a creditable job (with the Port of Portland leading the way), the impact of the task extends far beyond each local area.

Your Committee's study pointed to a number of possible benefits from a statewide port authority,* which would assume the major role of port development and marketing for all ports:

- The development of funding for capital construction would be on some statewide, rather than local, tax base. You Committee discussed several different approaches to funding, but feels this is a matter best settled by legislators and port officials. We believe that any statewide funding would be preferable to the current system.

- A unified marketing system could be developed to make Oregon ports more effective in selling their services. The Port of Portland is the only Oregon port we studied with a major worldwide marketing program. A statewide system could market all of the different ports and work with clients to provide the most effective alternatives. Because exports of Columbia River ports far outdistance imports, a marketing effort was seen as necessary in encouraging shippers to make local ports their first port-of-call after dropping cargo from abroad at ports with larger population centers, such as Puget Sound or Southern California. We believe a unified marketing system would place the state in a stronger position relative to other West Coast ports. The Columbia/Snake River Marketing Group has taken the first steps in development of a cooperative marketing plan.

- Cooperative planning could reduce duplication of facilities and services. Identification of individual port's areas of specialization might, in turn, further the state's growth in international trade. As an example, a study might find that if the state were to invest in deepwater port facilities at the Port of Astoria, an increase in trading would result not only in Astoria, but at other Columbia River ports as well. The current Port of Astoria could not afford such an investment. A statewide port authority also might have the influence

* The Committee uses the word "authority" as a general term to convey its vision of some type of organization at the state level which would be less than a large government department but more than an unfunded figurehead body. The Committee's use of "authority" is purposefully vague to encompass a full range of options for defining structure, duties and funding.

to persuade Burlington Northern to improve its rail line between Portland and Astoria, which would be necessary for any major port improvements to be economically successful.

- Ports' political clout could be improved. Construction of a new Bonneville Dam lock was viewed as the key navigation issue on the river. Improvement of the lock, which is supported by users, port authorities, and political leaders, would enable the river to handle more barge shipments downriver from the Port of Lewiston (Idaho) and would facilitate upriver barge service.

- In addition, more efficient operations and cost savings were cited by several Committee witnesses as reasons for some level of consolidation. Rates between lower Columbia River ports could be stabilized with this approach, and consolidation also could allow for cargo specialization. Ports could focus on a particular cargo or group of cargoes rather than attempting to be competitive with a range of cargoes. Facilities planning also would be enhanced by consolidation when ports are faced with limited land availability.

Our review of the history of efforts at consolidation nationally and in the Northwest aided in identification of both weaknesses and strengths in current port operations in Oregon. Chief among the strengths is the generally excellent role played by the Port of Portland. It has a highly qualified staff, an active worldwide marketing effort, a diversity of facilities and programs, and a large financial base. While the State of Oregon and numerous cities and counties are struggling to build economic development programs, the Port of Portland already has a record of experience and success. Growth in the Port's business in the economic recovery years of 1983 and 1984 leads to optimism for future prospects, provided modernization of facilities continues.

Moreover, there seems to be at least some increase in the awareness of Oregonians of the importance of world trade. Recent trade missions, the formation of export trading companies, the opening of an overseas office of DED's International Trade Division, and Portland State University's development of an institute for international trade studies support this assertion.

The Columbia River ports benefit from the easy access provided by the Columbia River Gorge to barge, rail and truck traffic. And most Columbia River ports have significant amounts of land available for industrial development.

There are, however, a number of problems and impending challenges, at least some of which must be addressed if Oregon ports are to continue to grow and contribute to the State's economic health. Among them are:

- The small amount of state aid to port activities relative to their contribution to the economy;

- A small population base, which means Oregon ports handle more exports than imports;

- The lack of a deepwater port, and the fact that the state's major port (Portland) lies far inland on a river;
- A dependency by Columbia River ports on dredging, which carries consequences that are financial, political (i.e., the threat of user fees) and natural (i.e., volcanic eruptions);
- Limited capital funding, particularly for the ports outside of Portland. Even Portland often must seek approval from voters in three counties for projects which have statewide benefit;
- Continuing competition for world trade as the opportunities for trade grow, especially with the Far East;
- A trend among many shippers to "regionalize," or concentrate their operations at a single port or in a single area;
- The continuous need for modernization in order to accommodate new types of vessels and new cargo-handling methods, as evidenced by the advantage gained by the Port of Seattle several years ago when it moved to containerized shipping more quickly than did Portland.

It is in recognition of these opportunities and challenges that your Committee believes that a statewide port authority would offer a strong prospect of benefits — in financing, marketing and strategic planning — both to individual ports and to the state as a whole. Furthermore, a state-wide authority would not preclude — indeed, it could enhance — cooperative efforts with other entities as a result of stronger funding, marketing and planning programs.

We do not make specific recommendations on the structure and scope of such a statewide port authority. Rather, we believe that these questions — as well as resolution of attendant political difficulties — would best be handled by a high-level study involving business, labor and government, leading to legislative proposals and action.

F. Issues Related to a State Port Authority

1. History of Consolidation Efforts in Oregon

Consolidation of lower Columbia River ports has been suggested since 1962 when then-Governor Mark Hatfield sought legislation to create a special study commission to "review problems of ports and of the strengthening and simplification of port organizations." Statewide, basinwide and bistate organizational arrangements were to be studied. This and a similar proposal of Hatfield's in 1965 were not enacted.

The "concept of the Columbia River as a single harbor system" was introduced in a 1965 City Club report on "Port Management, Operation and Development in the Metropolitan Portland and Columbia River Area." The 1965 report contained recommendations for consolidating the Commission of Public Docks with Port of Portland, increasing the port district to four counties, and creating a legislative study commission to evaluate City Club recommendations and other findings.

In 1970 the consolidation of the Commission of Public Docks with the Port of Portland was completed, and port district boundaries expanded in 1973. After 1973, Governors Tom McCall and Bob Straub advocated consolidation as one method of increasing the region's competitiveness as a major center of international trade.

Consolidation of port activities either to improve organization, marketing and/or economic development has been an important public policy issue for more than 20 years. Various studies during the last several years have been undertaken by ports and other public agencies that have identified port and land resources and have projected the river system potential for the 465-mile Columbia/Snake River system.

2. Cooperation in Other Regions of U.S.

The history of efforts at consolidation of Northwest ports shows evidence of significant political obstacles, and those obstacles still exist. Nevertheless, we believe there are potential benefits to some form of consolidation or greater cooperation among ports. And there are examples where regional political differences have been overcome.

The ports of New York City and Northern New Jersey were continually locked in a battle for commercial dominance until 1921, when the legislatures of both states created an interstate compact and governmental body to take charge of both ports. The new port authority, the Port of New York Authority, was a radical new approach which governed not by political boundaries, but within a geographic region. Bi-state port authorities also are found in Philadelphia and St. Louis. Ports located on the Great Lakes are governed by the Great Lakes Basin Commission through multi-state compacts.

The 1968 "Port and Water Transportation Planning Study for the State of Oregon" reviewed the programs, objectives and scope of 13 port authorities in 15 states located primarily in the eastern U.S. (7). All 13 authorities were charged with improving water transportation to benefit the economies of their states and the most common activity reported was port coordination and development. The study found no evidence "... to support the contention that state port authorities in the eastern U.S. are more economically successful than ports operating outside the state authority." However, the study concluded that "Oregon's economic prospects are considerably dependent upon well-planned water transportation programs," and recommended the formulation of "a comprehensive state water transportation plan for either coordinated port direction or statewide direction."

3. Challenges to Increasing Cooperation in Oregon

No strong endorsements for a total consolidation of lower Columbia River ports were given by either survey respondents or port users interviewed by your Committee. Consolidation of limited functions, such as lobbying and marketing, received more support than a more comprehensive consolidation of activities. A majority of the survey participants disagreed that complete consolidation of the ports would result in better utilization of scarce industrial land, or help create and maintain jobs.

The idea of consolidating management met with little enthusiasm by port administrators due to a concern over loss of identity and local control.

Most users agreed, however, that the question of coordination was a political one to be resolved in the future. They cited cross-state rivalries and the problem of proper financing as obstacles that would have to be overcome. Users generally agreed that the current efforts of the Columbia/Snake River ports to work together was a step in the right direction. Many users are participating in this cooperative effort.

There a number of drawbacks to total statewide consolidation of port districts but some form of state port authority could leave operating decisions to local port districts while taking upon itself the functions that many small port districts cannot handle by themselves.

The politics of establishing a statewide port authority are admittedly difficult. Chief among the obstacles is the issue of local control. No port district appears to be willing to give up its own administrative control. An integrated tax system would require convincing the public that the entire state would benefit from a state-funded port authority. Involvement of the state's political and business leadership is one way to begin serious consideration of eliminating these political obstacles.

Whatever the yardstick — revenues, marketing skill, political power, employees — the Port of Portland is by far the dominant force in Oregon's port activity and indeed in its overall economic development.

As noted earlier, the Port of Portland is an effective and skillful operation. But its size and influence are often cited as potential roadblocks to making major changes in port structures statewide. "The Port (of Portland) would never go for it" is a common rejoinder heard in discussions about maritime commerce and economic development in Oregon.

While we agree that the Port of Portland has (and should have) a major voice in any deliberations, we do not believe that any proposal for change would automatically face fatal opposition from the Port of Portland. Nor, for that matter, do we believe that any initial misgivings the Port of Portland might have about any suggestions should be cause for abandoning the search for potential improvements.

A sound proposal for a statewide port authority would offer benefits to the Port of Portland just as it would to other districts.

Our vision of a statewide port authority addresses the issue of local control. We foresee a statewide authority as leaving day-to-day operations in the hands of individual ports, while exerting broad authority only in those areas (such as capital financing or marketing) where it might reasonably be expected to offer assistance to local districts.

A state port authority would neither supplant existing local port districts nor prevent the formation of any new districts. Ideally, it would provide many of the services which the Oregon Public Ports Association cannot perform because of limited funding as well as some additional duties that only a state-wide agency could take on.

Creation of a statewide port authority would be a major change, and any major change involves obstacles. Overcoming those obstacles would require the leadership of Oregon officials and business leaders. It would require overcoming local prejudices and tunnel vision. No one speaking to your Committee disagreed that international trade is important to Oregon's economy and that there is excellent potential for growth in the future. The state needs to take advantage of this opportunity by building on the base that it has.

VII. CONCLUSIONS

1. The various ports studied are generally doing a good job within their defined missions.
2. Ports along the lower Columbia River compete with one another for many of the same cargoes.
3. Cooperation among lower Columbia River ports has been limited to written agreements providing technical assistance and staff help on specific projects.
4. There is wide disparity in the activities of the Washington and Oregon ports associations, due to differences in funding. The Oregon Public Ports Association does not have sufficient funding to act as a unified, effective voice for all Oregon ports.
5. Major opposition to any formal bi-state port consolidation can be expected from Columbia River ports because of the fear of the loss of identity and control. However, the economic benefits of cooperation warrant investigation of consolidation of such activities as lobbying and marketing.
6. The Columbia/Snake River Marketing Group has been successful in establishing a cooperative effort to achieve key navigational needs and in developing an ongoing dialogue among the 34 river ports. Implementation of a marketing plan will require financial support beyond existing levels and the involvement of the business community.
7. A joint marketing effort by Lower Columbia River ports and Columbia/Snake River ports will contribute to the river system's competitive strength.
8. To meet future growth opportunities offered by increased trade with Pacific Rim countries, a regional outlook would be beneficial for the Columbia River system generally and ports individually.
9. The Port of Portland has a statewide impact and broad areas of expertise, but its mandate for activity and its base of financing are limited to a three-county area. To a lesser degree, other port districts in Oregon have economic impacts that extend beyond their financial and political base.
10. A statewide port authority in Oregon would provide the opportunity for broader funding of the ports' capital requirements. Since the

benefits of international trade accrue statewide, funding for ports is a matter of statewide concern. Furthermore, marketing and facilities planning would be enhanced by a statewide plan of action coordinated by one authority.

VIII. RECOMMENDATIONS

1. A statewide port authority should be formed in Oregon to offer capital funding resources for individual ports, coordinate ports' development projects and conduct broad marketing efforts.
2. The governor of Oregon should appoint a commission to recommend the legislative actions necessary to achieve a state port authority and to define its duties, powers and funding. An interim committee of the Legislature should be appointed to develop, in conjunction with the governor's commission, a proposal for action by the 1987 Legislature.

Pending establishment of a statewide port authority, the state and existing port districts could undertake a number of measures:

3. Port Districts should increase their contributions to the Oregon Public Ports Association in order to increase the association's activities.
4. Port districts can prepare for a state port authority by increasing cooperation among themselves in regard to marketing and long-range planning. Resources of the Port of Portland should be tapped, with adequate compensation to it.
5. Funding of the Ports Division and the International Trade Division of the Oregon Department of Economic Development for economic development should be increased to a level that more fully recognizes the contribution of trade and port activities to Oregon's economy.
6. The legislatures of Oregon, Washington and Idaho should provide the Columbia/Snake River Marketing Group with sufficient funding to implement a professional marketing program.
7. Membership of the Columbia/Snake River Marketing Group should be expanded to allow representation by the private sector and by the economic development departments of the states of Oregon, Washington and Idaho.

Respectfully submitted,*

Susan E. Frost
Mary McArthur
John C. Rosenthal
Thane W. Tienson
A. M. (Mac) Whitaker
Toni Zenker
William R. Lesh, Chairman

*Your Committee wishes to thank Doreen Hathaway, David M. Crutcher, and Diane White who participated in earlier stages of the study.

Approved by the Research Board on May 24, 1984 for transmittal to the Board of Governors. Received by the Board of Governors on December 3, 1984 and ordered published and distributed to the membership for consideration and action.

Appendix A

PERSONS INTERVIEWED

Margery Abbott, Senior Marine Planner, Port of Portland
 Lloyd Anderson, Executive Director, Port of Portland
 Greg Baker, Manager, Ports Division, Oregon Department of Economic Development
 Don Barney, Consultant and then Executive Secretary, Oregon Public Ports Association
 Ogden Beeman, Consulting Engineer (Ports, Waterways, Marine Facilities Development)
 Frank Birdwell, Intermodal Representative, Union Pacific Railroad
 Tom Brownhill, President, Pacific Coal Company
 Ted Bugas, Assistant Director, Port of Astoria
 Darrel Buttice, Manager, Public Affairs, Port of Portland
 Jack Caldwell, Port of Portland Commission
 Peter Carlson, Sales Manager, Columbia River Division, Knappton Corporation
 Don Cowles, Manager, Industrial Development and Property Management, Burlington Northern Railroad
 Frank Dausz, freightforwarder
 Archie T. Davis, Consultant, Jones Oregon Stevedoring Co.
 Joe Edgar, Port of Portland Commission
 Cal Fenter, Union Pacific Railroad
 Steve Felkins, former manager, Ports Division, Oregon Department of Economic Development
 Richard Ford, Executive Director, Port of Seattle
 John Fratt, Manager, Port of Kalama
 Douglas Frenge, Manager, International Trade Division, Department of Economic Development
 John Frewing, then Chairman, City Club Standing Committee on Transportation & Communications
 Wallace Gainer, Jr., then Manager, Port of St. Helens
 Joe Heidel, Chief, Plan Formulation Section, Portland District, U.S. Army Corps of Engineers
 Bill Hemingway, President, Mid-Columbia Marketing Group
 Greg Jenks, Executive Secretary, Oregon Public Ports Association
 Richard Lawrence, former Executive Director, Port of Vancouver
 R. E. McNary, Manager, Port of Longview
 Ken O'Hollaren, Assistant to Manager, Port of Longview
 Dick Montgomery, Information Manager, Port of Portland
 Ben Murphy, Executive Director, Port of Vancouver
 David J. Olson, Political Science Department, University of Washington
 Harvey Rogers, Attorney and municipal bonds specialist, Ragen, Roberts, O'Scannlain, Robertson & Neill
 Rick Schulberg, Manager, Business & Community Development, Oregon Department of Economic Development
 Floyd Shelton, former Manager, Ports Division, Oregon Department of Economic Development

Joel Sims, Director of Public Relations and Marketing, Port of Seattle
 Ray Tahofer, Assistant Vice President, Burlington Northern Railroad
 Dennis West, Director of Financial Information, Port of Portland
 Don White, Assistant Director, Washington Public Ports Association
 Hugh Wild, Assistant Executive Director, Port Development & Relations, Port
 of Tacoma
 Peter Williamson, Manager, Port of St. Helens

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Appendix C

Oregon's 23 port districts include:

Alsea	Coquille River	Port Orford
Arlington	Gold Beach	Siuslaw
Astoria	Hood River	St. Helens
Bandon	Morrow	The Dalles
Bay City	Nehalem	Tillamook Bay
Brookings	Newport	Toledo
Cascade Locks	Portland	Umatilla
Coos Bay		Umpqua