

House Interim Committee on Transportation and Economic Development

Thursday, May 29, 2014

State Capitol, Salem, Oregon

Members Present: Rep. Tobias Read, Chair, Rep. Cliff Bentz, Vice-Chair; Rep. Kevin Cameron, Rep. John Davis, Rep. Margaret Doherty, Rep. John Lively, Rep. Caddy McKeown, Rep. Nancy Nathanson, Rep. Julie Parrish

Members Excused: Rep. Chris Gorsek, Vice-Chair

ODOT Major Projects Update and Long-Term Needs Analysis

Karmen Fore, Sustainable Communities and Transportation Advisor to Governor Kitzhaber, provided brief remarks related to strategies for long-term funding for the state's transportation system. Given concerns about the federal Highway Trust Fund and uncertainty about congressional action, there are efforts underway by other parties to develop a transportation package for consideration. She recommended that such an effort focus on three primary areas:

- *Preservation and maintenance* – ensure protection of previous investments and prevent future higher costs by not deferring maintenance
- *Seismic mitigation* – prevent catastrophic loss of life and mitigate economic damage from a Cascadia fault zone earthquake
- *Stable funding for the multimodal system* – while State Highway Fund revenues are declining, there is currently no adequate funding source for public transit, marine ports and freight/passenger rail

Committee questions and comments for Ms. Fore included: how climate change mitigation should fit in to a transportation strategy; cost of unfunded liabilities among transit agencies, Tri-Met in particular; and what the Legislative Assembly can do to encourage federal action.

Paul Mather, Highway Division Administrator for the Oregon Department of Transportation (ODOT), provided a briefing on current projections for long-term transportation funding, both at the state and federal level. With much of the state's current revenue stream dedicated to bond service for bridge projects from the 2003 Oregon Transportation Investment Act (OTIA) and from the 2009 Jobs and Transportation Act (JTA). In addition, federal funding for transportation in Oregon is uncertain, as the Federal Highway Trust Fund will fall into negative territory in September 2014; absent affirmative action by Congress, this could result in a 30 percent reduction in federal transportation funds coming to Oregon.

Mr. Mather then provided [updates](#) on several major transportation projects, including:

- Interstate 84 landslide repair west of Hood River
- Interstate 84 bridge near Troutdale (last bridge of the OTIA program)
- State Highway 212 – Sunrise Corridor
- U.S. 26 at Shute Road
- State Highway 99 – Newberg-Dundee bypass
- Interstate 5 – Woodburn interchange
- U.S. 20 at Pioneer Mountain/Eddyville

- Interstate 5 at Eugene – Beltline
- U.S. 20 at Sisters – Cascade improvements
- U.S. 97 at Bend – Murphy Road
- Interstate 5 at Phoenix – Fern Valley interchange

Mr. Mather also showed a short video clip explaining the importance of highway work zone safety.

Briefing on Assistance Available for Small Business Startups

Joe Maruschak with the Eugene Regional Accelerator Innovation Network (RAIN), described RAIN's operation, which is a public/private partnership with the University of Oregon and Oregon State University. He recommended that the Legislative Assembly focus on science, technology, engineering and mathematics (STEM) education, infrastructure improvement, and building up higher education nodes – with the most important need being more human and financial resources. He offered an anecdotal success story of three women who had developed a food processing machine and were looking for advice for creating a business model to market their invention. RAIN matched them up with NEDCO (Neighborhood Economic Development Corporation), which provided them with technical assistance and connections that helped them get their idea off the ground.

Shula Jaron, Co-Director of FertiLab Thinkubator, offered a slide [presentation](#) on her organization. FertiLab is meant to help potential entrepreneurs achieve success as home grown startup companies, which can in turn spin off additional entrepreneurs. Its primary service is to provide information and a creative, collaborative, and equipped space where entrepreneurs can develop their products and their companies.

Justin Freeman, Co-Director of FertiLab, provided data regarding the best 25 metropolitan areas for business startups, noting that while Boulder, Colorado, ranked first, there were four other cities within 100 miles of Boulder near the top, indicating that business incubation can be a regional endeavor. FertiLab is designed to contribute to a Northwest cluster that already includes Corvallis, Bend, Portland, Seattle and Eugene in the top 25. While most startup businesses fail, FertiLab is designed to help startups be successful.

Committee questions and comments for this panel included: past investment in RAIN made by the Legislative Assembly; the appropriate mix of incubators to space; whether other similar efforts are being undertaken elsewhere; examples of equipment utilized at FertiLab; what the State of Oregon can do to provide assistance; and whether there is a membership fee to participate.

Update from Oregon Transportation Forum

Craig Campbell, Oregon Transportation Forum President, provided a brief history of the Oregon Transportation Forum, which was originally known as the Oregon Highway Users Alliance prior to efforts to develop the Jobs and Transportation Act (House Bill 2001, 2009). Following that effort, the Oregon Transportation Forum broadened its scope to include multimodal

transportation needs, business interests and land use advocates. The OTF is a private, nonprofit entity whose purpose is to encourage full maintenance of the transportation system.

The OTF is currently working on developing a proposal for a transportation funding and policy package for consideration during the 2015 Session. Staff for Governor Kitzhaber has also indicated an inclination to develop similar proposals. While the effort will be to develop a series of proposals for consideration during the next several legislative sessions, efforts are focused primarily on 2015. To develop the proposal, the OTF has created four sub-groups:

Fix-It Subgroup – charged with considering how to sustainably maintain the current transportation system and how to provide sustainable moneys for transit and passenger rail operations

Enhance Subgroup – charged with considering how to improve methods by which the capacity of the highway system can be increased, as well as how to improve the intermodal connections between highways, rail, transit and air options

Innovation Subgroup – charged with considering alternative ways to fund and govern all modes of the transportation system in order to improve efficiency, improve the purchasing power of dollars allocated to transportation projects, and eventually replace the current motor fuel tax

Strategy Subgroup – charged with building legislative and public support for proposals

Aaron Deas, Tri-Met, provided information about the activities of the Fix-It Subgroup, which is focusing on operations and maintenance for the system, operations funding for transit, bicycle and pedestrian improvements, and possible adjustments to the allocation formula. Mark Landauer, Oregon Public Ports Association, referenced the [report](#) of the Non-Roadway Funding Task Force and explained the work of the Enhance Subgroup, which has utilized as a discussion model the concept of dedicating 15 percent of State Lottery revenues to non-road transportation. Randy Tucker, Metro, outlined the activities of the Innovation Subgroup, which has looked at different funding models for transportation, and is recommending a proposal to fund a transportation system needs analysis during the 2015 Session. And Drew Hagedorn, Tonkon Torp, commented on the activities of the Strategy Subgroup, which will determine how best to shepherd any legislative proposals through the process.

Committee questions and comments for this panel included: the importance of being able to explain to residents throughout Oregon of the need for such proposals; the importance of public outreach; and request for additional details on findings of the Non-Roadway Funding Task Force.

Economic Development Opportunities of Juniper Utilization

Dan Nichols, Harney County Commissioner, presented [testimony](#) regarding a project underway in Harney County to create a profitable enterprise out of harvesting juniper. A local landowner is looking into developing juniper oil and other marketable products. The nine jobs created in Harney County are equivalent in impact to over 1,300 jobs in the Portland metropolitan area.

Gerard LeBreque, owner of Joseph's Juniper, Inc., testified regarding his operation, which has processed juniper harvested from his land and nearby rangeland during the past two years. He

also submitted a [letter](#) for the record from the U.S. Department of Interior. Harvested juniper is processed at a 75 percent utilization rate through his mills. He noted that an influx of financial assistance would allow development of a production site and expanded operations that could add three to five employees next year. He also spoke regarding the environmental benefits to juniper removal, including improvements to sage grouse habitat.

Ryan Temple, Sustainable Northwest Wood, described his organization's partnership with Mr. LeBreque's milling operation, in which juniper wood is converted into landscaping features. He remarked that juniper wood is sustainable, unique to Oregon, and a potential export product.

Zach Williams, representing King, Inc., emphasized that juniper has historically been cut and burned in place, or left where it is cut down, due to restrictions on its removal. The next goal is to connect landowners cutting down juniper with people, such as Mr. Lebreque, who wish to buy and process it; doing so will benefit all involved and reduce the cost of juniper removal. He provided additional details about the negative ecological impacts of juniper on rangeland, specifically in its high water usage.

Nancy Hamilton, Western Juniper Utilization Group (WJUG), submitted [written materials](#) and a [slide presentation](#) regarding the efforts to develop a viable business proposition that will be the right size for the region in eastern Oregon. She spoke to the need for support in terms of developing demand for juniper products, assistance needed with regard to certification of juniper products by the Wood Innovation Council, technical assistance in filling out long and complicated applications, and the need for education and awareness on the issue.

Committee questions and comments on this topic included: impacts of juniper on the ecosystem in eastern Oregon; whether Oregon State University is involved; assistance needed in market research; whether Business Oregon has been involved; who currently pays for restoration and juniper removal; and reasons why financial institutions have been reticent to extend credit.