

**SENATE COMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION**

February 01, 2001 Hearing Room 343
03:00 pm Tapes 20 - 21

MEMBERS PRESENT: **Sen. Gary George, Chair**
 Sen. Rick Metsger, Vice-Chair
 Sen. Bev Clarno
 Sen. Ken Messerle

MEMBER EXCUSED: **Sen. Margaret Carter**

STAFF PRESENT: **Patrick Balducci, Administrator**
 Nancy Masee, Committee Assistant

MEASURE/ISSUES HEARD:
 History of Oregon Short Line Railroads
 Rail Issues and Opportunities
 Oregon Trucking Associations
 Oregon Forest Products Transportation
 Oregon Dump Truck Association

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 20, A		
003	Sen. Gary George	Chair. Opens informational meeting at 3:00 pm.
010	Bob Russell	Director of Government Affairs, Oregon Trucking Associations. Introduces Al Elkins and Dee Bridges. Gives overview of the trucking industry nationally and in Oregon.
055	Russell	Describes highway safety of trucking in Oregon. Discusses trucking issues in Oregon. <ul style="list-style-type: none">• Highway funding changes sought this session• Weight mile tax change not anticipated this session• Registration fee system change not anticipated this session
070	Sen. Messerle	Asks for copies of testimony.
075	Dee Bridges	Executive Director, Oregon Forest Products Transportation Association. Gives background on the association. Highway cost allocation study is an issue. Interested in flat fee studies. Interested in one-stop-shop for truck permits.
096	Al Elkins	Oregon Tow Truck Association. Gives background of the association. The association is interested in a bill dealing with unclaimed or abandoned vehicles.
100	Sen. Metsger	Asks what is the major contributing factor that caused truck accidents on the highway to decrease.
105	Elkins	Answers several things including awareness that safety is a top priority, insurance companies input, Motor Carrier Transportation branch of ODOT that enforces safety regulations has intensified their input with the trucking associations, and the

		Federal Highway Administration input. Reducing accidents saves money.
135	Sen. Metsger	Asks about the possibility of the federal government withholding \$4 million for safety inspection programs unless Oregon includes farm trucks in the safety program.
150	Russell	Explains the association is working on that issue. The federal government has the ability to inspect farm trucks on highways. Says there is a solution in the works between Oregon's Congressional Delegation and the Federal Highway Administration.
160	Chair George	Gives personal experience of federal jurisdiction on the highway in Washington state.
170	Russell	Explains each state's regulations differ somewhat on farm trucks inspection.
187	Chair George	Describes recent Hwy 20 at Eddyville truck accident. Need a highway system that is able to handle the traffic. Refers to identifying loads on trucks and asks if a packet in trucks to identify hazardous materials would be advisable.
195	Russell	Describes how trucks are marked to identify trucks with hazardous materials. Explains different jurisdictions involved in accidents.
250	Chair George	Comments the committee will address the issue of spills of hazardous materials and community preparedness.
262	Sen. Messerle	Explains the handling of accidents needs to be articulated. Investigations of accidents should be defined.
310	Bob Melbo	President, Oregon Short Line Rail Association. (EXHIBIT A) Gives overview of the short line rail system in Oregon. Describes how the short line mileage grew in the 1990s and today is half of the rail mileage in the state of Oregon. Ownership of short lines in Oregon varies from large corporations to small operators, and some are publicly owned.
TAPE 21, A 005	Melbo	Continues presentation on short line railroads moving freight in Oregon. The short lines want more customers. Short lines take trucks off the highway. Describes deferred maintenance problems inherited from former railroads. Describes federal program funding for short lines but it requires a credit risk premium payment up front. Describes the Corvallis to Dawson line and explains how that line got funding.
053	Walt Brickwedel	Assistant to Manager of Central Oregon and Pacific Rail Road. (EXHIBIT B) Gives background on Central Oregon and Pacific Rail. States they are the largest of the 19 short line railroads in Oregon with 387 miles of track in southwestern Oregon. The short line depends on the forest products industry for business which makes up about 91 percent of their loadings. In 1995, the first year of operation, 31,000 carloads were handled. In 2000, 46,500 carloads were handled. Describes problems inherited in maintenance of tracks from previous railroad owners. Each year the line has put in \$2 million in capital improvements to infrastructure, not including maintenance. Track speed is to reach 25 miles an hour. Describes the line's commitment to customers resulting in increased business.
096	Brickwedel	Describes two business examples of the line of hauling logs by rail instead of truck. Describes moving 3,600 truckloads of

		<p>veneer from Yreka to Medford. Describes the Eugene to Coquille line of 135 miles, called the Coos Bay line, serving the only deep-water port south of Portland. The communities served are needy for economic help. The line needs maintenance and upgrading. That line serves 17 customers other than the Port of Coos Bay. Due to storm and rain damage, the line needs constant repair.</p>
165 167	Chair George Brickwedel	<p>Asks what resurfacing is.</p> <p>Describes resurfacing of lines. Coos Bay rail bridge needs major rehabilitation. Congressman DeFazio has gotten federal financial help, which is being matched, by the port. The line has applied for a \$6 million loan from the federal government in order to meet safety standards, improve rail service to their customers, stimulate future economic development and industrial growth to benefit Coos Bay, Coquille, and North Bend areas that are serviced. The customers such as Georgia Pacific are constructing connecting rails to assist. The credit risk premium asked by the federal government would be approximately \$600,000, which the line cannot afford. Asks the committee to consider ways of innovative and creative funding to secure the \$6 million for light density rail systems. Need the funds to pay the credit risk premium in order to secure the federal funds.</p>
234	Sen. Metsger	<p>Comments on the need for economic development in the coastal area described. Asks about the request for the premium, is it nonrefundable?</p>
240	Brickwedel	<p>Answers it is most likely nonrefundable and its purpose is to cover any loans that are unable to be repaid.</p>
252 260	Metsger Brickwedel	<p>If the loan is not made is the money refundable.</p> <p>If the loan is not made, the credit risk premium does not have to be paid.</p>
265	Sen. Metsger	<p>Suggests state sources of getting funding for economic development of the rail lines in Coos Bay. Emphasizes the need to help the line get seed money to help development.</p>
291	Patrick Balducci	<p>Staff. Provides overview of federal credit programs and financing subsidies. Describes personal experience in developing federal credit programs for FHWA. Asks if the Office of Management and Budget has performed any credit risk analysis for their project.</p>
295 299	Brickwedel Melbo	<p>Answers it has not.</p> <p>Comments that premium varies from project depending on collateral that line can put up. Collateral is difficult to put up because railway ties are not easy to repossess. Credit premium is expected to be in the range of 10 percent or greater.</p>
347	Balducci	<p>The size of the credit risk premium is a function of both the source of repayment and the collateral.</p>
355	Chair George	<p>Asks if the states' buying into the project, through the provision of the credit risk premium, would be viewed favorably the by the federal government.</p>
360	Balducci	<p>Responds that the state's involvement would be viewed in very favorable terms because it demonstrates local acceptance for the project and would involve a very secure form of funding.</p>
360	Chair George	<p>States that Sen. Metsger has agreed to work with staff in researching financing possibilities for funding the premium.</p> <p>Adjourns meeting at 4:00 pm.</p>

Submitted By,

Reviewed By,

Nancy Masee,
Committee Assistant

Patrick Balducci,
Administrator

EXHIBIT SUMMARY

A – Written testimony, Bob Melbo, 9 pp

B – Written testimony, Walt Brickwedel, 5 pp