

Mission: To enhance the region's economy and quality of life by providing efficient cargo and air passenger access to national and global markets.



March 13, 2015

Andre Baugh, Chair
Portland Planning and Sustainability Commission
1900 SW Fourth Avenue, Suite 7100
Portland, Oregon 97201

Dear Chair Baugh and Planning and Sustainability Commissioners:

Thank you for the opportunity to comment on the Draft Portland Comprehensive Plan (July 2014), Draft Transportation System Plan (TSP) and subsequent work session memos from Portland Bureau of Planning and Sustainability (BPS) staff. The Port of Portland (Port) has been an active participant in the Comprehensive Plan process. We have provided written testimony on earlier versions of this document and supporting materials in May and December 2013, as well as oral testimony during the recent slate of Planning and Sustainability Commission hearings. Port staff has also played a role on a number of technical advisory committees.

Our current comments on the draft Comprehensive Plan and related BPS staff memos are consistent with comments we have raised in earlier communications. Our concerns can be organized under three themes: Adequacy of economic policy, equity and growth, and balance. All three themes broadly embrace and are reinforced by the Port's sustainability policy whereby:

"... we make business decisions that support long-term economic health, integrate community concerns into our work and reflect a deep and broad commitment to environmental stewardship for the benefit of future generations." (Port Administrative Policy Sustainability 7.4.19, May 2014)

As the Port pursues new avenues for growth, communication and partnership, as outlined in our Strategic Plan FY 2016 – FY 2020, the success of a sustainable Port is dependent on ensuring adequate revenue to fund operations, make capital improvements, address legal obligations such as the Portland Harbor Superfund site, and deliver on our mission to state and regional stakeholders.

The State Legislature created the Port in 1891 for the original purpose of improving, dredging and maintaining the harbors and channels of the Willamette and Columbia Rivers. Over time, the Port's responsibilities were expanded by the State to include promoting the general maritime, shipping, aviation, commercial and industrial interests of the Port (Oregon Revised Statute 778.015). With overlapping interests but different missions, it is our hope the City's Comprehensive Plan would complement and support this legislative mandate. It is with this in mind that we offer the following comments.

ADEQUACY OF ECONOMIC POLICY

The Portland Plan emphasized the role of economic prosperity and affordability as one of three strategies, with a framework of equity integrated into all three as a foundation for greater alignment and collective action among public agencies in Portland. The vigor and intensity of economic prosperity goals, policies and their ultimate implementation is the foundation upon which Portland achieves success. The Port's comments on economic policy are based on our vision; "...to be a prominent, innovative economic development engine while stewarding the region's community and environmental best interests."

Even with the recent good job growth news, we still find that Portland wages are not keeping up with other major cities. The most recent analysis of the Portland Region's Economic Health 2014 by Eco Northwest indicates that Portland's median household incomes are \$4,400 below pre-recession levels and that Portland's per capita income is 4.6% below the national average for metropolitan areas. This issue is of particular concern when our state is so reliant on income taxes to fund the public's expectations for services.

The emphasis on trade in the Portland Plan was reflective of the Brookings Institution's recognition of the strength of trade activity in the Portland region. It also reflected the fact that 95% of consumers live outside of the U.S. and tapping into those markets is an important strategy for businesses to grow. Greater economic well-being is generated by the traded- sector economy than by those serving only the local economy. According to the Brookings Institution, one traded-sector job is equal to three local jobs; companies that export (or sell outside the region) experience higher sales, generate greater employment, and offer higher wages than firms which do not export.

Trade and transportation is of critical importance to the Portland-Vancouver region. While investment in harbor businesses has continued to be robust following the deepening of the Columbia River shipping channel, the Comprehensive Plan and Economic Opportunity Analysis (EOA) downplay and may even impact the viability of this investment. The level of investment in new, expanded or more efficient facilities in the Portland-Vancouver Harbor and on the entire Columbia suggests that there is a much greater demand for Harbor Access Lands than is being accounted for or planned for. While the City's initial draft EOA used a medium forecast based land demand, the January 2015 Proposed Draft EOA assumes a low forecast based land demand. We believe this is not supported by the facts of actual harbor demand and will leave the City and state behind the curve of economic upturns restricting opportunities for growth and greater job diversity.

For these reasons, and because the Comprehensive Plan sets the 20 year direction for the City of Portland (and the region), the Port believes it is prudent to have a policy calling for the future annexation of West Hayden Island "for a combination of open space and deep-water marine industrial uses" through a process that "ensures mitigation of impacts and provision of public benefits". As indicated West Hayden Island is a longer term development opportunity but, should remain a key component of the City's industrial land inventory and the City EOA. This policy is supported by City Council Resolution 36805 and action taken by the PSC in the fall of 2013. Policy 6.41 should be limited to that direction provided by City Council. This policy dovetails with other City initiatives such as the Greater Portland Export Initiative, led by the Office of the Mayor and the Portland Development Commission, to double the region's exports in five years.

A supportive West Hayden Island annexation policy also has a direct connection to other policies contained in the Comprehensive Plan, including land supply, traded sector competitiveness, equitable household prosperity, industrial and employment districts, preservation of open space, and enhancement of various habitat types critical to listed species.

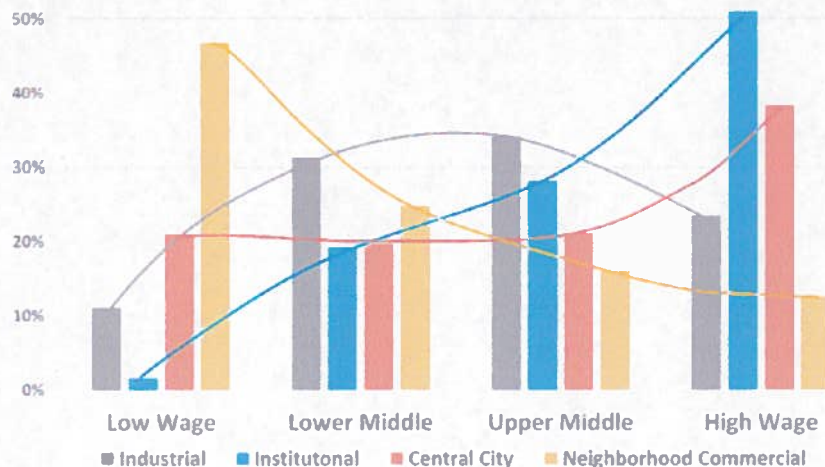
The provision for additional industrial lands, especially harbor access lands, is critical to the future of Portland. We commend staff for inclusion of several significant policies that, if properly implemented, would go a long way toward ensuring Portland's economic prosperity through greater equity based on strong growth in accessible middle-income jobs.

EQUITY AND GROWTH

Certain elements of disparity in equity can be tied to income inequality and the lack of well-paying employment opportunities for under-served and under-represented populations. The Port's role of providing access to markets results in public infrastructure expenditures and facilities that serve all job classes, but largely result in growth in middle-wage jobs. Although Oregon is creating jobs, they tend to be at the two ends of the spectrum: very high paying jobs and very low paying jobs. Strengthening every element of the Comprehensive Plan that addresses job growth, especially middle-income job growth continues to be a priority for the Port.

Using the Comprehensive Plan as a tool, the City has an opportunity to focus its efforts on supporting middle-income job growth. As shown in the wage quartile comparison of Portland's employment geographies developed by BPS staff, middle-wage occupations are concentrated in industrial employment and in the City's industrial geographies, especially the Portland Harbor and the Columbia Corridor. Policies that support economic growth in these geographies, such as brownfield redevelopment, intensification and expansion of existing uses and Willamette Superfund site cleanup are to be applauded.

Figure 35. Wage Quartile Comparison of Portland's Employment Geographies, 2012, (BPS, EOA, 2015)



BROWNFIELD REDEVELOPMENT

While brownfield redevelopment affords one of the best opportunities for new industrial land capacity and associated middle income job opportunities, there are a number of unresolved challenges to realizing this potential. Brownfield redevelopment is an important goal for our region and state and the Port has brought back to use one of the largest industrial brownfields in the state in Troutdale. Based on that work, and the recent Portland and Metro brownfield redevelopment studies, industrial brownfield redevelopment has the greatest return on investment to the public yet is one of the most difficult to achieve given industrial land prices and remediation costs.

Without policies to support and incent this type of brownfield redevelopment, and partnerships among many stakeholders, it will be challenging for the City to achieve the goal of 60% redevelopment of industrial brownfields by 2025 outlined in the current draft EOA. The Portland Development Commission (PDC), the agency historically in the lead on brownfield redevelopment with its Harbor ReDI Program and the Willamette Urban Renewal Area, has drafted a Strategic Plan 2015-2020 that does not include any mention of brownfield redevelopment. Reaching 60% redevelopment of brownfields by 2035 seems that much more insurmountable without a stronger commitment from all bureaus in the City.

Public resources will be needed to support this effort. While new tools are being proposed, only limited loan funds are currently available. Redevelopment of Portland Harbor lands will be even more challenging and require partnerships and creative solutions. The specific policy in Chapter 7 that will make brownfield redevelopment (as envisioned in Chapter 6 policies; 6.14, 6.39, and 6.40) difficult if not impossible to achieve is 7.46. This policy suggests grasslands and floodplains must be protected and enhanced within the Willamette River watershed. Grasslands as shown on the current City Natural Resources Inventory map includes many fallow areas consisting of barren and weedy fill on existing developed industrial sites and underdeveloped brownfield sites not currently regulated within industrial districts. Floodplains are currently regulated for flood protection, not as a habitat feature. It is hard to imagine how both outcomes can be accomplished with these conflicting policies.

TRANSPORTATION

The Port sees similar challenges with implementation of transportation policies that are intended to support middle-income employment area geographies (Harbor Access Lands and the Columbia Corridor). The Portland Plan identified the advantages of Portland as a freight hub and international port City. From our perspective, transportation continues to be both a strategic advantage for the City and region and a potential vulnerability. Maintaining and growing that advantage is critical to equity and growth. Oregon is a relatively small, trade-dependent market, and good access to markets beyond our region is critical for the businesses that locate here and for business expansion, retention and job growth. Robust market access is critical to businesses that rely on the timely delivery and shipment of products to the national and international marketplace.

As reinforced by statewide shippers' reaction to the recent departure of Hanjin container service to Asia, the Portland freight hub is critical to the state and local economy. Distillers depend on glass bottles shipped by low-carbon methods from factories in Asia, while blueberry growers depend on the same mode to export perishable products to Japan. Having direct-calling service (both ocean and air) for moving cargo adds to the quality of life in our region. Local exporters have reduced shipping costs and are more competitive the marketplace, creating jobs for Portland residents. Lower costs are also enjoyed by importers such as Fred Meyer and Les Schwab. In turn, they are able to reduce prices to their customers, affording greater access to consumer goods to a wider range of Portland residents. Decisions in Portland have implications for other counties in the region and state that rely on the Portland freight hub. This rural-urban economic linkage should be acknowledged in the Comprehensive Plan.

Strategic freight investments in all parts of the transportation system are essential to address choke points, excessive congestion and poor connections. In order to address business and passenger transportation market access and freight bottlenecks, improvements that address these needs must be prioritized and included in the Transportation System Plan (TSP).

Freight and goods movement is important to accommodate the anticipated increase in Portland's population and economy, approximately 280,000 new residents and 140,000 new jobs by 2035.

Efficient freight movement is also a key element to providing an adequate industrial land supply (as described in Policy 6.12), in part by increasing throughput on existing industrial sites (as described in Policy 6.38).

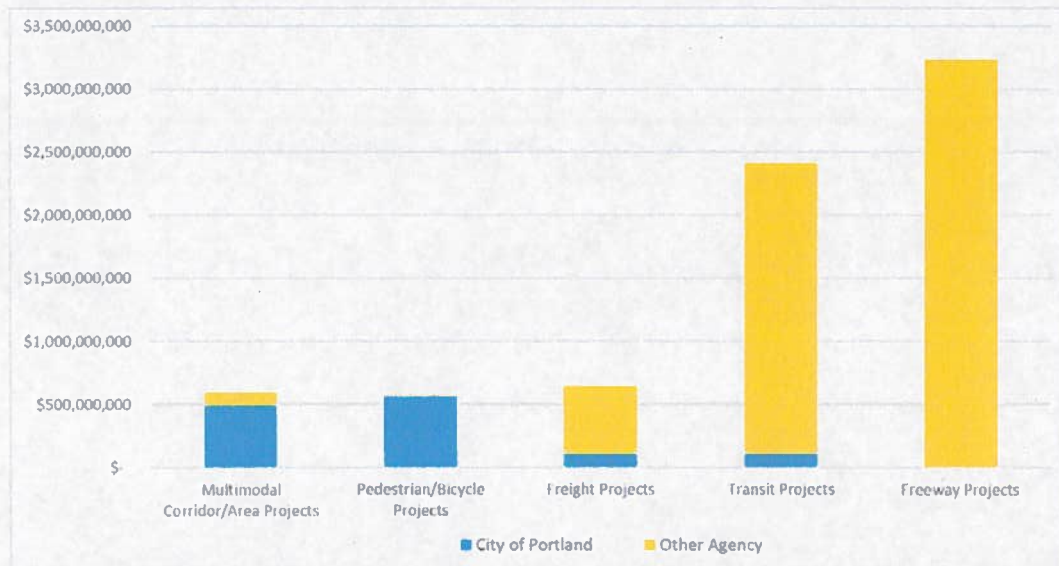
Portland's economy is far more dependent on freight movement than most other U.S. cities. The Portland region has the third highest percentage of total employment in the distribution and logistics sectors in the U.S., comprising 11% of the region's workforce. According to the Oregon Department of Employment, one out of nine jobs in the Portland area are in the transportation sectors.

In consideration of the above, the Port appreciates and supports the addition of the economic benefit criteria for opportunity access, freight access and freight mobility that was used to prioritize the City's transportation project list. These criteria appropriately reflect our diverse, multi-modal system needs, provide the greatest return on our investment, and offer the greatest opportunity for higher wage jobs for our workforce.

However, it seems that the prioritization and funding for freight improvements on the project list proposed by the City is not in line with the importance of the freight network to the economy of the region. As shown by the slide in the Portland Office of Transportation presentation at the February 24th PSC hearing on the TSP, the City is allocating a minimal amount of expenditures to freight when compared to other transportation modes.

From February 24 PBOT presentation at PSC:

Constrained Investments by Mode & Agency



The region has set a five-year goal to double export trade volumes to support a strong and growing economy. A related goal is to sustain a vibrant and prosperous regional economy that generates middle income jobs and sufficient tax revenues to support critical public services that can address other social equity issues. Our concern is that the proposed implementation of the TSP will leave a significant segment of transportation system users and the traded-sector economy behind.

The strong connection between economic growth, equity and access to middle income jobs is acknowledged in the Comprehensive Plan, but implementation actions seem insufficient. The PDC Strategic Plan 2015-2020 also makes this connection:

- *Leverage and maintain Portland's economic competitiveness and create access to high quality employment by supporting traded-sector business growth, access to new domestic and foreign markets, and connections for Portland residents to quality employment opportunities across both traded-sector and local serving industries;*

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While a strong connection between economic growth, equity and access to middle income jobs is acknowledged in the comprehensive Plan, implementation actions seem insufficient. A stronger commitment to freight transportation would reinforce goals in the Comprehensive Plan, Portland Plan, Climate Action Plan, and PDC Strategic Plan. The Port recommends updates to the TSP balance the emphasis on active transportation with the freight and commercial vehicle mobility needs of industry engaged in trade. We also urge the City to continue to review how the transportation hierarchy will be administered and how it should apply to freight routes. We have attached a Port recommended TSP project list that supports economic development oriented initiatives that reinforce the connection between growth, equity and access to middle income jobs.

Finally, in consideration of the importance of auto and freight mobility to the economy of the City and job access, we encourage the use of a measure of vehicle hours of delay in addition to reduction of vehicle miles travelled as proposed in Policy 9.39.

Please see attached TSP list changes.

BALANCE

The Port encourages the City to consider the recommendations around word choice as it relates to Chapters 6 and 7. We are aware of the challenge of writing findings when the word emphasis is applied differently from one chapter to another.

The Guiding Principles seem to elevate some specific approaches to prosperity over others, such as support of a "low-carbon economy" to meet reduced carbon emission goals, while not mentioning growth in the City's overall export values.

There are multiple instances where language (verb) choices are inconsistently attached to policy statements. We urge additional efforts to understand the "on balance" approach and the hierarchy ascribed to certain policies.

We appreciate your consideration of our comments and look forward to working with you to resolve these issues prior to adoption of the Comprehensive Plan.

Sincerely,



Susie LaSene
Senior Manager, Transportation and Land Use Policy

cc: Susan Anderson, Bureau of Planning and Sustainability
Eric Engstrom, Bureau of Planning and Sustainability
Kristen Leonard, Port of Portland

Attachment - Port of Portland Recommendation for the TSP project list:

TSP ID 40032: Columbia/Alderwood/Cully Intersection improvements

This project is listed as funded but it is only partially funded. It should be moved to Major Projects and Citywide Programs list.

TSP ID 40009: NE 47th Ave Corridor Improvements

Consider revising the project description to note that the intersection improvements at 47th/Columbia are complete but 47th Avenue between Columbia and Cornfoot still needs to be improved.

TSP ID 110190: Killingsworth/I-205 Interchange Improvements

Remove the Port as a lead agency. The Port listing dates back to the first Colwood plan amendment but the Port no longer has any involvement in this project.

TSP ID 40102: Columbia Blvd. Street Widening

Consider moving this project from the Unconstrained list to the Constrained list.

TSP ID 30055: North Portland Junction: Undoing the X

Replace the Port as lead agency with Region. This project was identified as part of the I-5 Rail Capacity Study and again as part of the Port Rail Plan but the project is regional in nature and benefit.

TSP ID 40001: 11th/13th Ave. Rail Overcrossing

Change lead agency from Port to Region. This and other grade separations associated with the Kenton Line are of regional scale and benefit.

TSP ID 40025: 82nd and Airport Way Grade Separation

Change estimated cost to \$50,000,000.

TSP ID 40085: Kenton Rail Line Upgrade

Change lead agency from Port to Region. This and other components of double tracking the Kenton Line are of regional scale and benefit.

TSP ID 103750: Cathedral Park Quiet Zone

Add the City as a co-lead agency and move the project to the Major City projects list.

TSP ID 113090: Cully Blvd. Rail Overcrossing

Change lead agency from Port to Region. This and other grade separations associated with the Kenton Line are of regional scale and benefit.

Add the following Other Agency Projects with Port of Portland as Lead Agency:

Bonneville Rail Yard Build Out

Construct two interior yard tracks and complete the double track lead from the wye at the east end of the yard to Barnes Yard. Add rail staging capacity for South Rivergate.

Cost: \$3,600,000

Widen Airport Way Outbound east of 82nd

Add new lane to provide additional capacity for anticipated growth in passenger traffic.

Cost: \$3,335,000

Deplaning Curbside Roadway Lanes

Add new lane to provide additional capacity for anticipated growth in passenger traffic.

Cost: \$2,976,000

Airport Way Westbound Approaching Return Road

Add new lane to provide additional capacity for anticipated growth in passenger traffic.

Cost: \$1,080,000

Terminal Exit Roadway at Post Office Curves

Add new lane to provide additional capacity for anticipated growth in passenger traffic.

Cost: \$1,500,000

Terminal Exit Roadway at Parking Plaza

Add new lane to provide additional capacity for anticipated growth in passenger traffic.

Cost: \$1,104,000

PDX Light Rail Station/Track Realignment

RTP# 10364 Realign light rail track into terminal building.

Cost: \$16,330,700

Add the following Other Agency Projects with Region as lead agency:

Willamette River Channel Deepening

Deepen the portions of the Willamette River with deep draft infrastructure to -43' where appropriate. Allow Willamette River terminals to also benefit from the Columbia River's new controlling depth.

Cost: \$200,000,000