Momentum builds for Oregon intermodal facility in Millersburg

Draft report by Tioga Group cites participation of NW Container Services

By MATEUSZ PERKOWSKI
Capital Press

SALEM — Momentum is building behind a proposed intermodal facility in Millersburg, Ore., to receive grant funding from Oregon transportation officials.

A final review committee of transportation experts threw their support behind the Millersburg location over a competing site in Brooks, Ore., at a Jan. 11 meeting shortly after an independent evaluation also recommended the site.

However, both the committee and the third-party reviewer found shortcomings with both proposals relating to the financial viability of the intermodal facility, which is intended to ease exports of agricultural goods to Asia.

Proponents of both locations have "overly optimistic economic and volume projections" and "neither project is likely to be commercially viable" without some form of subsidy, according to a draft report from the Tioga Group transportation consulting firm.

Those concerns were echoed by several members of the review committee, which was assembled by the Oregon Department of Transportation. They said they were nervous about the project's inability to be financially self-sufficient.

"Again, I have concerns the subsidy would have to come from somebody," said Mark Gibson, president of Siskiyou Transportation, a trucking and helicopter company.

Currently, Oregon's agricultural exporters must pay to truck straw, hay and other farm products to ports along Washington's Puget Sound, where they're loaded onto ships bound for Asia.

Their other option is to have the containers trucked to Northwest Container Services in Portland, where they're loaded onto railcars bound for ports in Seattle and Tacoma.

In 2017, state lawmakers approved $25 million on an intermodal facility in the mid-Willamette Valley, thereby avoiding traffic in the Portland area.

Competing proposals for building the facility in Brooks and about 25 miles to the south in Millersburg were submitted to ODOT last September. The proposals underwent analysis by a third-party reviewer and the review committee before the state transportation commission makes a final decision in March.

Mateusz Perkowski/Capital Press File

Roger Nyquist, chairman of the Linn County Board of Commissioners, supports the redevelopment of a defunct paper mill in Millersburg, Ore., into an intermodal facility to switch containers from trucks to rail. A review of two proposals gave the nod for state backing to the proposal.

Shipping via rail becomes cheaper than trucking for routes longer than 250 miles, but the Millersburg and Brooks locations are both less than 250 miles from Puget Sound ports, the Tioga report found.

"Neither can be competitive with trucks or other operations while recovering their full costs," according to the Tioga Group.

Both sites are "technically and operationally feasible" if they can reach agreements with railroad companies, the report said, but it's likely they'd need ocean carriers to subsidize their operations by absorbing the expense of relocating empty containers to either facility.

The prospect of relying on the generosity of ocean carriers was troubling to committee members, who noted that the shipping industry has undergone turmoil and consolidation in recent years.

"They don't have a lot of deep pockets right now," said Mark Nickerson, freight rail coordinator with the Washington State Department of Transportation. "They're doing better than they were, but they're still struggling."

The availability of empty containers is a significant issue for either intermodal facility, as far more goods are exported from the Willamette Valley than are imported.

The Union Pacific Railroad already provides subsidies to the Northwest Container Services intermodal yard in Portland, but it's re-evaluating its operations to improve profits and is expected layoff people and eliminate some business lines, the report said.

For the mid-Willamette intermodal facility to be successful, it must offer lower prices than trucking companies, according to Tioga Group.

"It is not usually sufficient for rail intermodal options to meet truck costs," the report said. "Intermodal service is usually slower, less convenient, and less flexible than truck service, and is often less reliable, and must therefore be priced below the truck alternative to be fully competitive."

While the review determined there's "not a clear net advantage to either location," the Tioga Group ultimately recommended the Millersburg site for grant funding because Northwest Container Services, which has experience in intermodal operations, would run the facility.

However, the report said ODOT should make funding contingent on the Millersburg project securing agreements with the railroads and ocean carriers to ensure the service is financially competitive.

If the Millersburg location reaches a "dead end," the Brooks site then can serve as a "feasible alternative," the report said.

Members of the final review committee praised the effort and "vision" that had been invested in the Brooks proposal. However, the committee ultimately determined the location was less attractive because it's closer to Portland, where intermodal facilities owned by Northwest Container Services and the Port of Portland already exist.

"It's definitely a positive having it further down in the Willamette Valley," said James Ballet, the retired owner of a heavy machinery rental company.

Even so, the committee decided that funding for the Millersburg site should depend on the state government having a better understanding of the necessary subsidies and a commitment from ocean carriers to cooperate.

The recommendation for grant funding should be seen as a "yellow light" for the Millersburg project rather than a "green light," said Deena Platman, director of client services for the International Trade Systems freight management company.

Treasure Valley intermodal site wins tentative recommendation

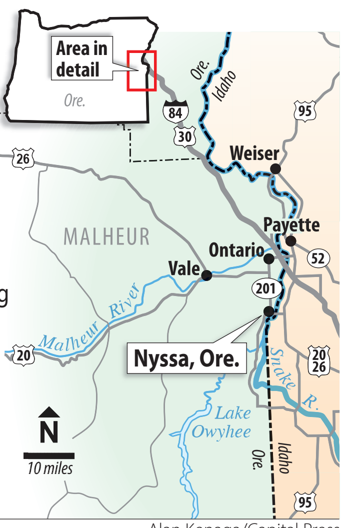
By MATEUSZ PERKOWSKI
Capital Press

SALEM — Despite misgivings about the proposal's economics, a final review committee has recommended awarding an Oregon transportation grant to an intermodal facility in the Treasure Valley.

The facility would primarily transfer onions from trucks to refrigerated railcars in Nyssa, Ore., reducing the agricultural industry's reliance on trucking to deliver the crop to distant markets.

Planned intermodal facility gets funding

Malheur County Development Corp. won tentative approval to some state funding for the long-planned Treasure Valley Reload Center. Construction could begin as soon as spring 2019 on the truck-to-rail loading facility north of Nyssa, Ore.



Alan Kenaga/Capital Press

Oregon lawmakers approved $26 million for the proposal in 2017 but the facility must still pass muster with the Oregon Transportation Commission, which will rely on recommendations from the final review committee that met in Salem, Ore., on Jan. 11.

Several committee members said they had a "soft spot" for the region in Eastern Oregon and sympathized with its economic problems but worried about the facility's financial prospects.

The facility could prove successful if it expanded its product base beyond onions, which don't provide a year-round source of business for intermodal operations, Robert "Wade" Mosby, a retired vice president of the Collins forest products company, said.

However, Mosby said it's unlikely the private sector would invest in the facility right now.

James Ballet, the retired owner of a heavy machinery rental company, said the independent review by the Tioga Group, a transportation analysis firm, raised concerns about the intermodal facility's prospects as a viable business.

"The more I read, the more discouraged I got," said Ballet.

That concern was shared by Mark Gibson, president of Siskiyou Transportation, a trucking and helicopter company. He said the project would be good for the public good but was shaky from the business perspective.

"It didn't seem to me it would really pencil out," he said.

Even so, the "economic blight" along the Oregon border is "startling" in comparison to the bustle in nearby Idaho, which should compel the state government to take action, said Tony Hyde, a former Columbia County commissioner.

"It's on the edge, but the upside is huge," he said.

Mosby, the retired forest products executive, said he'd recommend funding the project due to his faith in the farmers and other supporters in the Treasure Valley area.

"I think they'll make it work if we support them," he said.

According to the Tioga Group, the Treasure Valley intermodal facility faces risks because it may not be able to secure railroad service at competitive rates and because its product volume estimates are "overly optimistic."

The final review committee largely concurred with Tioga's recommendation that state funding should be contingent on getting commitments from railroads and other necessary entities that would make the site functional.

"There was some mention about taking away work from Idaho, and I'm all about that," said Hyde.

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A planned intermodal facility would allow the bulb onions grown in the Treasure Valley of Oregon and Idaho to be placed on rail cars heading to major markets on the East Coast. The proposal has won a tentative recommendation for state funding from a review committee.

A New Track for Harper Farms

Photo credit : Karen Cammack

By Ashley Rood,
Rogue Farm Corps

"It's the ultimate compliment to have your child take over the family farm," says Warren Harper, of Harper Farms in Junction City, Oregon, the heart of the Willamette Valley. Bryan Harper has done just that—he's stepped up to be the fifth generation at the helm of Harper Farms.

But as Bryan says, "I wasn't grooming to be in agriculture." He focused instead on becoming a pilot, pursuing his love of flying all the way to Embry-Riddle Aeronautical University in Florida. It wasn't the right fit. He returned home, and when an opportunity to run track at University of Oregon came up, he took it. All the while, he helped out on the farm—a constant for Bryan since he started pulling weeds with his Grandma at age 5.

Bryan's successful track career and psychology degree provided him with knowledge on how to work with, and motivate, people. An essential foundation for business leadership and a successful farm transition.

Harper Farms has grown almost every crop possible in the Valley on their 1200-acre farm. But it's the orchard – 450 acres of hazelnuts – that defines them. They also grow specialty seed and sustainably manage Douglas fir.

A family meeting after Bryan graduated in 2012 set a new course: it was time to think about the future of the farm. Bryan's Dad had been in the driver's seat of the family farm since 1973. Was Bryan willing and ready to take over? The alternative—selling off land that had been in the family for 125 years—didn't sit well with him. In 2015, Bryan became VP of Harper Farms.

Son and father echo each other about the challenges of transferring the farm. Warren says, "It's always going to be different with each generation. Not bad or good. But there's a different world every generation." And Bryan says, "the biggest thing is trusting the next generation, we want to make improvements while respecting elders."

Bryan also says, "Start early. It is not quick and easy, there are a lot of layers to peel back. Find a good mediator that has a style appropriate for your family. It's not cheap, but it's cheaper than losing your operation. We've worked with a succession planner, Mark Wickman, for three years. Mark's steered us through the tough conversations to get us where we are today. We're better at communicating as a family now."

Transferring the farm is a process that continues today: Bryan's sister is a new addition at the farm. And, as Warren says, "most farmers don't retire, they just change their role. It's the process of growing as a person, you enjoy every part of it."

Find resources to plan for your farm or ranch at roguefarmcorps.org/farmpreservation

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