

Is Oregon Building a Culture of Sustainable Success?

The following remarks are excerpts from a speech by John D. Carter, President and CEO of Schnitzer Steel Industries Inc. at the 5th annual Oregon Leadership Summit

“As you know, Oregon is strategically located on a major trade route connecting all of our businesses to points north, south, east and west. Portland is a creation of that strategic location and historical transportation focus — water, then rail and roads.

But I am, quite frankly, concerned about the condition of our transportation system, and hopefully at the end of the day ... you agree that collectively we need to be much more proactive in planning for and investing in our vitally important transportation network. In my view, we have been living off the foresight and investment that our parents' generation made — and the margin for growth that they built into our transportation system is now gone.

...sustainable success is a cultural value and common goal. Success can be developed by and into any organization, any company, or any state for that matter. It's developed by the leaders, the employees, the citizens.

But it takes the people at all levels of the organization working together — making a commitment — to achieve a cultural value and common goal.

The private sector is investing in Oregon ... unfortunately, in my view, there has not been a corresponding level of public investment, particularly in the freight network to support this private commitment.

While some in this community have questioned the need for transportation investments, I want to quote Gregg Weston, President of the Clackamas County Business Alliance: 'Virtually every job in the Metro area depends on our ability to move products and employees.'

Mr. Weston's observation holds true for every job in the state. Let me read excerpts from the Governor's recently released budget:

- Oregon's participation in the global economy is expanding.
- Foreign shipments of Oregon products reached a new peak in 2005, with more than \$12 billion worth of manufactured goods shipped from Oregon to foreign markets.
- Oregon exports are growing at an annual rate of 29 percent, and there are over 4,800 Oregon companies that export goods to foreign markets.
- Oregon is currently the ninth most trade dependent state in the nation.”

Oregon's Sustainable Advantage, evidenced by that passage out of the Governor's budget, is staring us right in the face — it's our historic competitive edge in transportation infrastructure, and particularly freight mobility, that leads us to those foreign markets where 4,800 Oregon businesses prosper.

Schnitzer Steel, for one, operates in North Portland because we are strategically located on a deep draft port with access to a variety of truck, rail, barge and ocean carrier services with great access to global markets, and we are also located in the heart of a metals industry cluster, which allows us to integrate with our customers, vendors, and industry partners.

And what are we doing to keep and improve that transportation advantage? We all know about Connect/Oregon and I congratulate the Governor and the Legislature in making this \$100 million investment in non-highway freight capacity. Another \$100 million is in the next biannual budget.

But you also know that in last fall's elections, Washingtonians voted to make a \$9 billion investment in its transportation system and Californians voted for a \$19 billion investment. In England, billions have been invested in rail improvements. China is making huge transportation investments. The world is investing in infrastructure in order to stay competitive in a global economy.

Are Oregon's political and business leaders keeping up? Several legislative sessions ago, Oregon made a good down payment on transportation needs, with OTIA III. But we have close to \$6 billion in need identified and nothing is in the pipeline to meet the need. If you look at the last quarter-century, Oregon's population has increased by a million people, plus those in Clark County that work here. During that time period, we have:

- Added little new capacity to our road and highway system in the Portland metropolitan area — even though ODOT has done a good job of stretching limited resources and gotten local commitment (and federal help) to achieve some good capacity additions like the Bend Bypass, Salem Parkway, and the Corvallis Bypass, and some suburban area lane additions. Most funded work has been for repair and maintenance on existing facilities, bridges, etc.
- Helped the rail system with Connect/Oregon, but have not made (nor

have the major railroads) major capacity or service improvements, particularly in the Portland area — despite efforts from the Port to encourage such investment. On balance, less service for business, certainly less service for passenger/ freight traffic in the small towns of this state.

- Improved our passenger terminals at the airport, but no new runway additions for added capacity.

And more than a million new residents (72% increase).

If we really want Oregon to define itself in the global economy and maintain a 'sustainable advantage' in the world economy, mobility and access to markets must be in our focus.

We must invest in our freight capacity.

To build a culture of sustainable success in Oregon, we need to make the economic connection between jobs and how the state spends money — and that connection starts with transportation.

...We need as a State to design and develop a comprehensive transportation system, made up of components that effectively respond to the various needs and changing circumstances.

At the national level, for example, the Class I railroads are pushing local shippers to truck. That will have an impact on our highways in Oregon.

We also know that short-line railroads need an infusion of capital. How might we help them to better serve local businesses? Connect/Oregon is a good start, but there are many examples of routes that business can no longer use because of needed repairs, etc.

...We have supported a multi-modal system that has a strong mass transit component because we know that for key point-to-point requirements, things like the light rail or the tram work well. But we must not forget that there is no light rail, streetcar, or even bus option for much of the state.

Our transit investment can't be made without recognizing that we still need to accommodate cars and trucks on the road system, and not just in rural areas.

...What if we thought about the Northwest as a regional whole? Or at least our part of it — why not merge the Ports of Vancouver and Portland? What about Kalama and Longview? Our largest opportunities in trade are with Asia, and will continue to grow ... BUT our competition

is Panama, Vancouver, B.C., LA- Long Beach, and the Oakland-SF Bay Area — not our neighbors across the Columbia. And should Seattle be competition, or joint partner in making the Northwest the height and energy gateway into the U.S.?

What if federal funds were no object? Could we invest in high-speed regular rail service between Seattle and Portland? Would this cut down on traffic? Would this link our two regional economies, particularly in high tech and biotech? Could this single investment put the NW further ahead of the NE Corridor or California? Just look at how the investment by the British Labour Government in the Channel Tunnel, the Channel Tunnel Rail Link, and other major rail projects has spurred all sorts of additional economic activity. This link to the continent has helped preserve Heathrow as the major international air hub, it has help preserve the City of London as a center of finance, it will regenerate a major area of the city, and it was key to landing the Olympics for London.

...(We) need to make transportation investment priority number one. It won't get done without a concerted effort by the business leaders demanding it, and gaining the support of the political leaders who can make it happen.

... Local arterials are as important to moving freight as are the state highways. Yet, here in Portland we continue to alter our arterial network to suit localized 'wants' without regard for the 'needs' of the broader region or statewide system. As a consequence, trips that should have been on local streets are diverted to the state highways, further congesting critical trade corridors.

While we gather here today in the largest city in Oregon, the economic engine of the state, I ask you this — do we have an economic development strategy and a job growth strategy that will allow that engine to pull the load?

We simply cannot have a culture of business sustainability in Oregon if the political leadership sidesteps meaningful discussions with the business community over job growth, economic development, transportation, and land use — or worse still, contemplates localized land use and transportation decisions that impede the flow of goods to the ports of call serving all of Oregon. We are in global competition as a state, and should be as a region.”

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