



April 21, 2021

Co-Chair Sen. Johnson, Co-Chair Sen. Steiner Hayward, Co-Chair Rep. Rayfield
and Members of the Joint Committee on Ways and Means
900 State Street NE, Room H-178
Salem, Oregon 97301

Co-Chairs and Members of the Joint Committee on Ways and Means:

My name is Curtis Robinhold, and I am the Executive Director of the Port of Portland (Port). The Oregon Legislature founded the Port in 1891. We've gone through plenty of changes in the last 130 years, adapting to the needs of our region. Today, we are the largest holder of industrial land in Oregon, manage four marine terminals and two general aviation airports, and operate Portland International Airport, or PDX. More recently, we've focused on building more shared prosperity for our region – using our airports, marine terminals and industrial development tools to create quality jobs for workers and businesses who have been left out of the economic growth of our region: Black, Indigenous, people of color, low-income and rural communities, and people with disabilities.

The impacts of the COVID-19 pandemic on the Port have been severe. In March of 2021, passenger traffic at PDX was still down over 40% compared to pre-pandemic travel. We continue to see revenue declines of up to 70% across many airport business measurables, including parking transactions, rental car operations and concessions business revenue. On the airport side, we received federal COVID-19 relief funds to help make up for the shortfall and keep PDX operational – and we implemented hiring freezes, furloughs and a voluntary retirement and layoff program to make up for the difference. Impacts on our marine business have been mixed, with operations generally down at the onset of the pandemic but now operating on somewhat “normal” pre-pandemic levels.

We believe that vaccines are the best economic recovery tool for the region. That's why since mid-January we've been working with Oregon Health & Science University (OHSU) and the Red Cross to operate a COVID-19 mass vaccination site at one of the PDX's economy parking lots. To date, OHSU has administered more than 120,000 vaccines at this site.

As you consider how to best utilize federal funds available through the American Rescue Plan and are planning for the state's budget for the next biennium, I want to urge you to consider two opportunities for one-time transformational investments at the Port that would benefit the state and the region: (1) help strengthen the state's resilience and emergency preparedness through an investment in a seismically resilient runway at PDX; and (2) help accelerate the manufacturing of advanced wood products to create more and much-needed affordable housing while also creating a new market for Oregon's timber economy that will support the state's resilience against wildfires.

Seismically Resilient Runway at PDX: \$4 million state investment for next phase

The Port is deeply committed to providing public services and meeting community needs during a crisis. The Port's long-term resilience plan includes significant investments in seismic safety. The most transformational resilience investment the Port is advancing is the development of a seismically resilient runway at PDX.

The Pacific Northwest is projected to experience a greater than 8.7 magnitude earthquake caused by the Cascadia Subduction Zone fault within the next 50 years. Following an earthquake of significant magnitude, the ground beneath the runways at PDX is likely to settle and spread, cracking and breaking the runway pavement surface and rendering it unusable for aircraft. Without a usable runway, the airport will not be functional, and it may take up to one year or longer to rebuild a runway that meets federal standards for large flight operations. A resilient runway at PDX – one that can withstand the effects of liquefaction – could be an essential lifeline for many Oregonians.

To date, the Port has studied the effects of liquefaction settlement that could occur post-earthquake, and used the results of this study to complete a 30% design for rebuilding 6,000 feet of PDX's south runway. This funding request would support the next phase of the Resilient Runway Engineering Design project. This phase will result in a complete set of engineering and construction drawings for the seismic mitigation that will lay the groundwork for securing construction funding and provide the necessary technical information to begin construction of a seismically resilient runway. The proposed project is consistent with the goals and objectives of the FEMA-approved Oregon State Mitigation Plan.

Mitigation in advance of a disaster saves money. The National Institute of Building Sciences (NIBS) Multi-Hazard Mitigation Council has studied this issue since 2005 when they released their first *Natural Hazard Mitigation Saves* study, which demonstrated that for every public dollar spent on mitigation, society saves \$4. Their subsequent studies in 2017-2019 expanded that work and concluded that mitigation saves up to \$13 per \$1 invested (national average) across a variety of natural disasters.

In 2019, the Port began working with the NIBS to complete a cost-benefit analysis of constructing the resilient runway at PDX. NIBS recently completed their analysis, which shows that a resilient runway will help Oregon avoid \$7.4 billion in losses. The resilient runway has an estimated 50:1 cost-benefit ratio. The runway is a good use of taxpayer dollars because for every dollar spent, \$50 will be saved.

A resilient runway at PDX will make it possible to:

- Save more lives by completing more medical evacuations from Oregon's most populous region and flying in emergency responders, equipment, and supplies to support medical operations and disaster relief efforts. Without a runway that can serve large aircraft during response, aid will largely need to be brought in by helicopter and small planes until landslides to the east and south are cleared and bridges are deemed safe or repaired for truck traffic.

- Help people get back into their homes and businesses by flying in certified building safety inspectors to determine which damaged buildings are safe to re-enter and re-occupy. The region will need thousands of inspectors to complete the work in a timely fashion. There are fewer than 200 certified inspectors in the northern Willamette Valley.
- Speed up the delivery of needed rebuilding supplies and aid and fly in construction workers to support the work.
- Reduce the duration of statewide business interruption and facilitate economic recovery.

The Portland regional economy has struggled for many years with income and wealth inequality, and the pandemic has only exacerbated that problem. The Port is a major driver of economic activity and we must focus efforts to improve economic conditions for those falling behind. We believe that commitment extends to supporting the most vulnerable in our community in times of crisis. We know that community organizations, particularly those representing Black, Indigenous and people of color communities, have engaged in various regional efforts focused on resiliency. From levees to major transportation infrastructure to climate, it has become very clear that when crisis strikes, these communities are hardest hit in every possible way.

With this in mind, we are currently working with Portland State University (PSU) to complete a Portland Resilient Runway Equity Study, which will complement the economic analysis with quantitative and qualitative demographic analyses. The equity study will highlight which workers and communities will stand to suffer from job loss and business activity interruption due to a potential airport shutdown. Engaging in this work with PSU is part of the Port's plan to develop community support thoughtfully. This work will include focus groups and community interviews, consistent with the needs identified by researchers to complete their study. The Port will continue to work to ensure these diverse communities are aware of how the Port and other regional governments are prioritizing key resilience projects.

The total cost of a seismically resilient runway will be \$140-\$200 million. To date, the Port of Portland has invested over \$850,000 in study and design, and *we are now seeking \$4 million from the state to support the next phase to get to 90% design of the south runway.* It is important to note that the extra cost associated with seismic improvements to the runway is not allowed under the federal Airport Improvement Program, the current source of federal funds that airports can apply to airfield improvements.

Mass Timber Manufacturing Center—Bridging Rural and Urban Areas to Create Quality Jobs and a Sustainable Affordable Housing Pipeline: \$750,000 state investment for first phase

The Port has been working with private and nonprofit partners to construct and operate a Mass Timber Manufacturing Center at the Port's Marine Terminal 2 (T2) in Portland. Mass timber can help address affordable housing issues, create jobs in rural and urban regions and support communities impacted by wildfires. The center's modular housing factory would deploy mass plywood panels (MPP), cross-laminated timber and other Oregon wood-sourced products to mass produce affordable housing units. Other building components, like prefab kitchens and bathrooms, could also be manufactured on site. The multipurpose center would house building components and provide workforce training, export facilities and research and development opportunities.

April 21, 2021

Page 4

This project would build on current studies examining the feasibility of creating low-cost housing out of MPP using modular high-volume factory construction techniques. These studies include prototyping and refining housing design, business planning (of factory), preliminary factory design and logistics of moving modules from the factory to the building site. In addition, the project will explore how components can be imported and exported via a multimodal system, including barging or shipping. The Port owns the site and could move quickly into business and program planning, pre-development and early site development work.

The Port is partnering with Business Oregon, Department of Land Conservation and Development, Department of Forestry, Kaiser Path, Proud Ground, Life Change Church, DR Johnson, TallWood Design Institute, and Freres Lumber. Discussions are occurring to work with community-based organizations to ensure workforce training, small business, and minority contractor inclusion.

This project ties heavily into the efforts made by the state to invest in the rural mass timber industry. The state's rural areas will need a large amount of skilled labor to assemble modular mass timber buildings where they will be deployed. A Mass Timber Center at T2 would not only produce products that would enable construction of low-cost housing but would further provide regionally accessible workforce training serving Oregonians who live and work in rural parts of the state. Additionally, special emphasis would be placed on recruiting and training Black, Indigenous and people of color within the trades and would help replace housing that was destroyed by wildfires, which was predominately occupied by the Latinx community.

The cost to construct the Mass Timber Manufacturing Center at T2 is estimated to be \$65 million. The Port would like you to consider an *initial state investment of \$750,000* to help the project complete business and program planning, site assessment, stakeholder engagement, and factory design and master planning to accommodate future growth of the campus. This effort is not aviation related and is, therefore, not eligible for any source of aviation funding or revenue associated with PDX.

Thank you for your consideration of these requests. We appreciated how challenging your task is in making these budget decisions and we deeply appreciate your service to our state in these difficult times.

Sincerely,

A handwritten signature in black ink, appearing to read "Curtis Robinhold". The signature is fluid and cursive, written over a white background.

Curtis Robinhold
Executive Director