



Oregon Coastal Notes

Oregon Coastal Zone Management Association

March 19, 2003

Oregon Congressional Delegation Strongly Supports Funding for Coastal Harbor Maintenance—Onno Husing, Director, OCZMA

Each spring representatives from Oregon's coastal ports travel to Washington D.C. to plead their case for federal funding for harbor maintenance. The annual ritual goes something like this:

- ° Early in the year, the President of the United States—through the Office of Management and Budget (OMB)—delivers a proposed federal budget to Congress. Last year the President's FY 03 Budget for the U.S. Army Corps of Engineers civil works program called for the suspension of dredging of "shallow draft" channels. In Oregon, that proposal would have shut down Brookings Harbor, Gold Beach, Bandon, and Port Orford. This year (FY 04), OMB's hit list expanded to include channels OMB now defines as "low commercial value" (1 billion freight ton-miles per year and under). So, under the President's FY 04 budget nearly all of Oregon's coastal ports would lose their dredging (only Newport and Coos Bay would stay open at reduced funding levels).
- ° Then, in the last few years, Congress rejected OMB proposed budget cuts and restored funding for harbor maintenance.



The DREDGE YAQUINA (photo courtesy of Clark Gallagher)

During the first week of March 2003 I once again participated in this ritual. This year our delegation consisted of: Russ Crabtree, Nita Rolfe, Jean Pyne, Lloyd Whaley (from the Port of Brookings Harbor) and Jack Brown, City Councilor, from Depoe Bay. Peter Friedmann, an accomplished lobbyist working under a contract to the State of Oregon, set up our appointments and joined us for the meetings. For two grueling days we darted from one tightly scheduled meeting to another.

The purpose of the trip was: (1) to increase awareness about the needs of coastal ports, and (2) to probe what's going on behind the scenes. OCZMA provided written testimony to the

Congressional Committees. The testimony shows just how foolish it would be to cease dredging as proposed under the President's FY 04 Budget.

The Bottom Line on Harbor Maintenance

It takes \$10 million dollars a year to have the DREDGE YAQUINA maintain all coastal harbors in Oregon. Without annual dredging our coastal harbors would gradually silt in, and within a year or so, most of them would become impassable for commercial and recreational boat traffic. Here's a key passage from the OCZMA's testimony:

In a recent study, OCZMA determined that each year, approximately \$237 million a year of personal income is generated from ports' services and facilities from these ports. Another \$254 million is associated and \$87 million is related to port activities. These impressive financial figures don't include the broader economic benefits to the tourism sector generated by the presence of working waterfronts and other points-of-interest that draw visitors to the Oregon Coast (*OCZMA Congressional Testimony*, March 5, 2003; Page 2).

The numbers above are classified using the IMPLAN model (a widely used economic model developed by the U.S. Forest Service). When you compare \$10 million annual maintenance costs with the enormous economic benefits generated by port activities, the data suggests dredging is a great deal for our coastal region and the American taxpayer. In addition, at periodic intervals, the jetties framing the entrances of our coastal harbors must be maintained. Even when the costs of jetty maintenance are added to the equation, investments in maritime infrastructure on the Oregon Coast are still a bargain.

What's Really Going On?

I think I'm finally beginning to comprehend the situation. The answer lies at the macro-political level. Here are a few other vital statistics to ponder. In recent years, Congress appropriated the U.S. Army Corps of Engineers approximately \$4.6 billion dollars a year to fund the national civil works program. The \$4.6 billion appropriation covers the entire country, big and small ports, and inland waterways. In recent years OMB issued budgets for the Corps civil works program in the neighborhood of only \$4.0 billion. So, to make the Corps civil works budget whole, Congress has had to add back \$600 million to the Corps budget. It's sobering to learn the Corps estimates they need \$5.5 billion a year to satisfy existing national needs without causing delays in scheduling. So, even after Congress has come to the rescue, the Corps is still really \$1.0 billion a year short a year in meeting national needs.

Why has OMB only budgeted \$4.0 billion a year in recent years for the Corps' civil works program?

Well, it appears the U.S. Army Corps of Engineers does not have a champion at the highest levels of the Executive Branch. The U.S. Army Corps of Engineers is housed in the Department of Defense (DOD). Secretary of Defense Donald Rumsfeld is a pretty busy guy these days. Moreover, Secretary Rumsfeld believes DOD should spin off the Corps of Engineers civil works program to another federal agency (so DOD can focus on their "core mission").

The act of crafting a federal budget is a highly political exercise. No President wants to issue a federal budget calling for too much deficit spending. If enacted, the President's FY 04 budget would generate approximately \$300 billion in deficit spending in FY 04. That's without factoring in the cost of a war in the Middle East (which, at the time of this writing seems inevitable). Here's the bottom line. If federal spending appears out of control it can spook global financial markets. That scenario can damage the U.S. economy and in turn that can damage the President's reelection prospects. So, for OMB, it is imperative to reach budget targets Wall Street can live with.

Walking around Capitol Hill last week we heard over and over again, "There's no money this year!" Why is that the case? When you factor-in proposed tax cuts, lower tax receipts to the Treasury due to a sluggish economy, the war on terrorism, and the cost of homeland security, something has to give. In the FY 04 Budget that "something" is domestic spending.

A Memorable Meeting at OMB: Telling Our Story

For the second year in a row our coastal delegation met with OMB staff at OMB's office at the New Executive Office Building (NEOB). The NEOB is a block from The White House. It's important to get to know OMB staff. After all, it's OMB that advocates the closure of many of our ports. The office we met in has a commanding view of the Old Executive Office Building (EOB) out one window and The White House out of another window. One's pulse quickens in such settings.

The amicable meeting lasted about 30 minutes. We shared our views including statistics showing the value of coastal ports to the economy. Happily, this year we could inform OMB that a venerable corporation—American Bridge—elected to make the Oregon Coast the center for their West Coast operations. We helped them understand that not dredging the Umpqua River—as proposed by OMB in their FY 04 budget—would render American Bridge's investment worthless. Russ Crabtree then described all the harbor improvement projects underway at Brookings Harbor. The investments at Brookings Harbor would be rendered worthless if the Chetco River channel were not maintained. Lloyd Whaley, the straight talking Port Commissioner and commercial fisherman from Brookings commented, "You do know a lot of these improvements are underwritten with federal loans? So, if there's no dredging, the feds will eat those loans."

We shared that it only costs \$60 million a year to maintain shallow draft coastal ports around the United States. One of the OMB staffers in attendance, Gary Waxman, said to his boss Jim Mietus, "The smaller ports do not pay into the Harbor Maintenance Trust Fund." Peter

Friedmann offered, "Under the Water Resources Development Act (WRDA), the Congress purposely did not preclude funding of all federally authorized channels with that fund." It's facts like this, however, which tend to pit huge deepwater ports against our smaller ports.

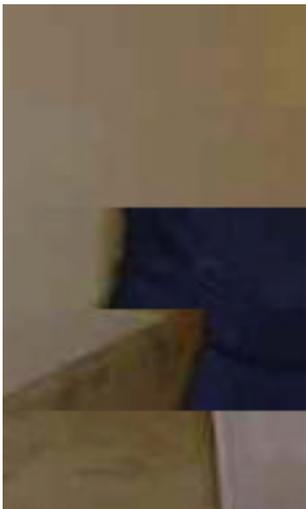
Last year we met with Gary Waxman in that same office. Gary Waxman is clearly a very bright guy and I like him. Gary Waxman said, "We listened to you last year. In fact, we put a line item for \$1 million in the FY 04 budget to analyze what should happen with small ports after they are

no longer dredged.” While we were pleased to hear we had some impact on OMB last year, what OMB came up with wasn’t quite what we had in mind. I responded as pleasantly as I could, “Last year our message to you was this: just selecting ports at 14 feet or shallower and zeroing them out of the budget is a poor way to do business.” I continued, “Now, this year, you are proposing an even more blunt approach of using ‘low commercial tonnage’ to decide which ports will be closed.”

We acknowledged some coastal ports generate more income than other ports. But, we explained, the ports on the Oregon Coast are strategically located 20 miles apart from each other, and, they serve as harbors of refuge. In addition, we explained that many of our ports are tied to each other socially and economically. Therefore, looking exclusively at the economic benefits of individual ports without understanding how these ports are integrated into a larger network overlooks how the coastal economy functions. The OMB folks seemed genuinely curious to learn more. Having good data available at this meeting sure helped.

Gary Waxman responded, “Well, tell us then, how we can achieve costs savings? How do we know these expenditures are a good deal for the guy in Philadelphia paying his federal income tax?” For OMB, that is the bottom line. Cost savings. Achieving budget targets. As a taxpayer I’m glad some branch of the federal government asks these questions. We responded by saying, “Work with us. Let us help you understand how our communities and economy function. Take time to determine what makes sense and what doesn’t make sense.” We continued, “Don’t zero-out ports and then perform an after-the-fact study to decide what to do with ports after they have been shut down. Why close down ports before these critical issues have been examined?”

Closing Thoughts



God bless Oregon’s Congressional Delegation and their capable and dedicated staff. For now, they are all that stand between many Oregon coastal ports and oblivion.

It may be cynical to say this, but, I’m guessing our friends at OMB expect Congress to restore funding for the Corps of Engineers. So, for now, there may be time to undertake additional studies and dialogue. During this digestive period we need to keep our minds open and ask ourselves hard questions. For individual coastal ports the rubber may not hit the road on the annual dredging budget, but, rather, when big-ticket jetty repairs are needed. We must be prepared for these inevitable contingencies.

Onno Husing and Senator Gordon Smith
in the Russell Senate Office Building

I’m reminded of the military base-closing debate, which overwhelmed Congress for many years.

To undertake this difficult task Congress finally established a blue ribbon/independent Base Closing Commission. We should not fear scrutiny. I suspect a fair and thorough evaluation of our nation’s waterways will not yield conclusions that very much of our nation’s maritime

infrastructure should be abandoned. On the contrary, waterborne commerce continues to be the cheapest and most environmentally sensitive means to move many goods and services. The United States needs a mix of big and small ports. And, consider this. The Europeans and Asian governments are stepping up investments in maritime infrastructure.

I came away from our trip to Washington D.C. even more persuaded it's time to rewrite the Water Resources Development Act (WRDA). WRDA must be amended so the true/full value of our waterways—not just commercial tonnage over the bar—can become determining factors in budget decisions. In addition, I'm convinced we must form coalitions among small ports around the United States. Individually, small ports will never enjoy the clout of the Port of Long Beach, the Port of New York, and the Port of Seattle. But, there are hundreds of small ports, inland waterways and businesses which rely upon this infrastructure across America. Collectively, small ports and marinas represent many billions of dollars of commerce and thousands and thousands of jobs. The Port of Brookings Harbor has just initiated the formation of a National Harbor Association.

And finally, we must renew our efforts to raise awareness about the value of transportation infrastructure—all of it—highways, railroads, waterways, airports, mass transit, and bike and pedestrian improvements. Our Founding Fathers didn't take transportation for granted. One of the leading reasons President George Washington called for a Constitutional Convention was to forge a functional national system of waterways out of a patchwork of conflicting state laws and initiatives.

This message ultimately needs to reach the highest levels of our Government, including the Secretary of Commerce, the Secretary of the Treasury and The White House. Adequate transportation infrastructure—along with a good education system and a stable legal and political environment—provides America her competitive edge.

Next OCZMA Meeting:

The next OCZMA meeting is scheduled for April 10-11, 2003 at the Red Lion Inn, 3301 Market Street, NE, Salem, Oregon. An agenda and meeting material will be in the mail a week prior to the meeting.

If you are interested in being added to OCZMA's mailing list to receive its meeting agendas, please feel free to contact the OCZMA office in Newport at:

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