From:	Larry Epstein
To:	Columbia River Crossing;
CC:	
Subject:	DEIS Comment for Diversified Marine, Inc.
Date:	Friday, June 20, 2008 10:18:48 AM
Attachments:	DMI Illustrated Argument.doc

I represent Diversified Marine, Inc., which is situated at 1801 N. Marine Drive, Portland, OR 97283.

Although we support the CRC project, and prefer a replacement bridge and LRT connection closely adjoining the new bridge, we strenuously oppose an LRT connection to the Expo Max Station and strongly favor a Southern Marine Drive Realignment and construction of a new LRT station east of the existing Expo Center Station. Our views are expressed more fully in the attached memo.

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DIVERSIFIED MARINE, INC. **("DMI")** serves the local maritime and waterfront industries from property it owns at 1801 N. Marine Dr. and the adjoining two-plus acres, which it leases on a long term basis from ODOT. DMI provides the following services:

Marine services	Non-marine services
Repairs and conversions of vessels	Mechanical contracting
New vessel construction	Piping
Towing, salvage and drydocking	Structural fabrication
Pile driving and waterfront construction	Construction of shoreside facilities
Associated diving services	

History and Value to the Maritime Community

Kurt Redd created DMI in 1984 with $500 and a small tugboat. He began moving houseboats. Soon after, he acquired barges, a derrick crane and additional equipment to do more in- water and near shore work. As the demand for these services grew, he hired workers with special skills and expertise and started working on waterfront facilities such as tank farms, paper mills and the like. DMI built its first new self-powered vessels in 1995; others soon followed.

Showing construction of 80' 3800 hp tug in 2004

DMI is one of two businesses in the region that builds for and services the tug and barge industry. The following list includes some of the major vessels that DMI has built.

Year	Client	Type vessel	Description
1994-1999	**Shaver Transportation**	**Eight (8) steel floats**	10' x 750' x 4' floats
1995	**Tridon Marine, Guam**	**Four (4) work vessels**	2 tugs 1-26' x 14' twin screw; 1-20' x 8' single screw; 2 barges 10' x 40' x 5'
1996	**Clackamas County**	**Canby Ferry**	36' x 88' electro-hydraulic
1997-1998	**QAYAQ Marine, Alaska**	**Two (2) landing craft**	150' x 50' triple screw vessels
1999	**Ross Island Sand & Gravel**	**Two (2) tug boats**	36' twin screw
1999	**US Fish & Wildlife Service**	**Cattle Barge**	32 ' x 90' x 7' with wear deck & fencing
2001 - 2005	**Brusco Tug & Barge**	**Two (2) ship assist tugs**	Two 70' 3600 HP tractor tug
2003-2004	**Olympic Tug & Barge**	**Two (2) ship assist tugs**	Two 80' 3800 HP tractor tugs
2007-08	**Port of Portland**	**Dredge tender**	50' dredge tender
2008-09	**Crowley Maritime**	**Two (2) shallow draft tugs**	**Two 76' tugs**

Annual gross sales at DMI have grown to more than $8 million. DMI continues to build new boats and to refurbish and repair vessels. It now is taking orders for ship building and repair work through 2012, including contracts to build several tugs valued between $6 and $9 million. Advance planning is critical to the business.

Kurt purchased the site at 1801 N. Marine Drive in 1991. That site is unique, because it adjoins deep, calm water in the North Portland Harbor that is accessible by large land-based cranes. Such features are critical to the ship-building and repair process, which typically involves building a vessel hull in sections on the upland portion of the site and then lifting sections by crane into a drydock in the harbor below.

Dockside repairs can be done for vessels up to 100 feet wide and 300 feet long. Drydocking services can be provided for vessels up to 650 tons, 120 feet long and 65 feet wide.

Bird's eye view looking northeast showing DMI site in upper left and leased storage yard in center-right. Marine Drive & Expo parking is at bottom. Curved path at bottom center leads to Expo Max Station.

In addition to extensive materials and supplies, the company maintains the following vessels and major equipment at and adjoining its Marine Drive site:

Floating Equipment
60' 1740 hp triple screw tug "Tiger"
42' 450 hp single screw tug "Negotiator"
45' 525-hp tug "Crown Z"
43' 220-hp tug "Mary Jane"
20' 165-hp single screw tug "Macadam Bay"
32' 220-hp single screw tug "Jeffrey G"
78' 1120-hp landing craft "Sandwick"
32' aluminum crew boat
125' x 36' x 8' 78-ton derrick crane
100' x 45' 25-ton derrick crane
124' x 36' x 9' flat deck barge
12' x 40' x 4' work barge
12' x 30' x 4' work barge

Shore-Based Equipment
100-ton Lima crawler crane
15-ton Grove Rough Terrain crane
22,500-pound fork lift
6000-pound fork lift
Four (4) scissor lifts
Two (2) hydraulic man lifts
40 welders
2-ton C600 truck
Two (2) Drott cranes
1-ton flatbed truck
Pickup truck(s)
Four (4) heavy machining apparatus

DMI now employs about 30 highly qualified and experienced full-time staff people: helpers, welders, fitters and supervisors. DMI pays its staff well, befitting their skill. Annual salaries range from $46,000 to $100,000. This makes DMI a valuable employer as well as a critical supplier of services and vessels to the local maritime community.

The Threat

Although Kurt supports the Columbia River Crossing project, including transit lines, that project threatens the very survival of his company. Project uncertainties already pose a risk to the future of our business even if nothing gets built.

In each of the alternative CRC plans that include transit, the transit line crosses through the DMI owned or leased site. There is no practical way for the business to operate if a transit line divides the shipyard or storage facility or prevents access to or between those areas. A transit structure would conflict with the tall cranes used in the business.

Even the CRC plans that do not include the transit lines call for significant grading of Marine Drive adjoining the DMI site, effectively denying direct vehicular access to the site and storage yard, especially for semi-trailers that often bring lengthy supplies and large prefabricated parts to the site. Either way, DMI is gone. The DEIS for the project omits mention of this.

The Solution

In concept the solution to the problem described above is to find a way for DMI and the CRC plans to coexist, consistent with the goal of the CRC project to "[ensure] the fair distribution of benefits and adverse effects of the project for the region, communities, and neighborhoods adjacent to the project area." (Task Force *Vision and Values Statement*, adopted 10-12-05)

Existing I-5/Marine Drive Interchange

More specifically the solution is to design the transit lines so that they do not cross or significantly impede use of or access to DMI's site or storage yard. To do that, the transit line must be situated adjoining the bridge, and it must extend south along the I-5 right of way instead of veering west to the Max Station that is situated east of the Expo Center parking lot.

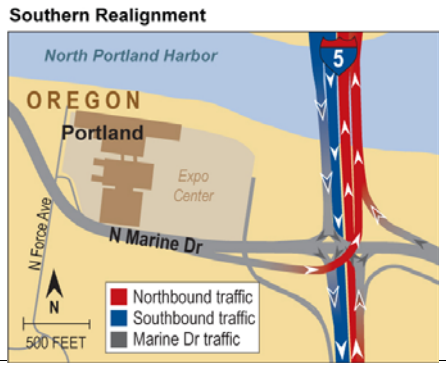
The transit line should extend to a new Max Station in what is now the I-5/Marine Drive interchange. This will enable the transit line to stay between the bridge and DMI's site/storage yard, and it will maintain the DMI site as a contiguous whole.

To achieve this result, the project must realign Marine Drive and rebuild the I-5/Marine Drive interchange, freeing-up land in the existing large interchange area for a new Max Station. The picture above illustrates the large interchange area that now exists and that will remain if the CRC implements any of the CRC "standard" plans for the south end of the bridge(s).

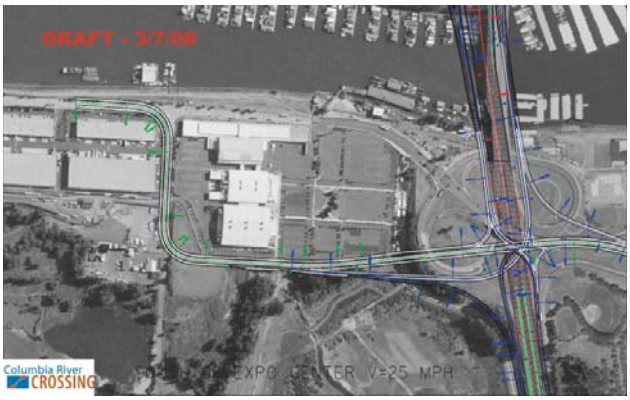
A more creative alternative is available and results from the work of the Urban Design Advisory Committee chaired by Portland Mayor-Elect Sam Adams and Vancouver Mayor Royce Pollard. It is called the "**Southern Marine Drive Realignment**."

A concept plan of the Marine Drive Realignment, reprinted on the right, is from p. 2-26 of the DEIS.

The next page of this memo shows the "standard plan" for the south end of the bridge and three versions of the draft Marine Drive Realignment as drawn by CDC staff.

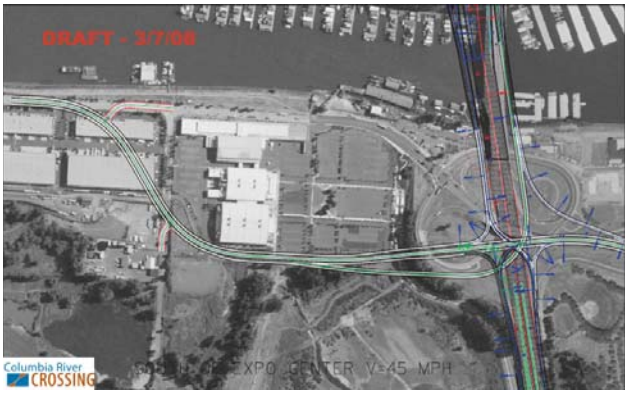


The picture on the left shows the "standard plan." It consumes the most land. It also is the cheapest to build, because it does not realign Marine Drive. But it has a **fatal impact on DMI**. If it includes transit (which is not shown), the transit route to the existing Max Station at the east edge of the Expo Center parking lot will divide DMI's site. If it does not include transit, grading of Marine Drive (the red lines) will prevent any practical means of access to DMI from Marine Drive.



This picture illustrates the Southern Marine Drive realignment with two 25-mph curves in it. Any of the Marine Drive realignment plans will be more expensive than the "standard plan." But each of them also preserves the DMI site as a unit, maintains access to it and creates vacant land for a new Max Station in the former interchange area. The low speed curves in this plan will slow truck traffic. By eliminating a traffic signal at the existing I-5/Marine Drive ramp, congestion is relieved.

This picture illustrates the Southern Marine Drive realignment with two 40-mph curves in it. This preserves the DMI site as a unit and provides access to it. The moderate speed curves have a marginal effect. By eliminating a traffic signal at the existing I-5/Marine Drive ramp, congestion is relieved. The north curve will "clip" a corner of a Schnitzer Corp. warehouse, making this alignment more costly than the plan with 25-mph curves.



This picture illustrates the Southern Marine Drive realignment with two 45-mph curves in it. This preserves the DMI site as a unit. The curves would not slow truck traffic. The elimination of a traffic signal at the existing I-5/ Marine Drive ramp will reduce existing congestion. This alignment would be the most costly of the Southern Marine Drive realignment routes, because it would affect or remove two Schnitzer Corp. warehouses.

Alternative sites for DMI

Given the higher cost to the project of the solution described above, it is reasonable to ask whether DMI could operate practicably on another site. However DMI has been unable to find such a site after an exhaustive two-year search for one. As noted above, DMI requires a relatively unique set of circumstances. Such sites simply are not available.

(1) It must have an adequate upland area for its shipyard and room for in-water equipment.
(2) The adjoining harbor must be deep to allow for the sinking and raising of their drydocks;
(3) The adjoining water must be calm and protected from wakes and other influences to enable exacting work to combine vessel sections.
(4) The shoreline must be relatively narrow so that cranes on the shore can reach over the bank to convey vessel sections from the shipyard into a drydock in the water below.

Even if there is such a site, the cost of moving would be catastrophic. According to DMI's lawyers, it is unlikely that DMI would be compensated, among other losses, for: (a) the loss of its leased storage yard; (b) lost income during the move to and refitting of another site; (c) the cost of in-water facilities that would have to be abandoned and rebuilt elsewhere; (d) disruption to and loss of work during the move; or (e) the cost to obtain permits at the new site. These uncompensated costs will be prohibitive. Also even the temporary disruption of work would lead to the loss of the key technical personnel and relationships on which the business depends.

Conclusions

Diversified Marine, Inc. is a vital and important star in Portland's maritime universe. Its loss would be significant and would unduly and inequitably place the burden of a small piece of the CRC project on one existing business, contrary the adopted values of the project.

Assembled before our main building, DMI staff ask for your help

Unless the CRC project varies from its standard plan for the I-5/Marine Drive interchange, particularly for the connection of transit to the Expo Center Max Station, DMI will not survive. There is no practical alternative site for DMI.

It is feasible and practicable for the CRC project to realign Marine Drive and to build a new Max Station to save DMI, even though at a little higher cost than the standard plan. A spur in the transit line can continue to serve the Expo Max Station. The realignment can keep truck traffic moving at reasonable speeds onto the bridge while reducing existing congestion.

Given the $4.2 billion cost of the project, preserving DMI better serves the purposes of the CRC project than does blindly following the standard plan just because such a plan is cheaper. It is time to commit to realigning Marine Drive as part of the Locally Preferred Alternative or finding another realistic alternative that saves DMI at its existing site.