

HOUSE COMMITTEE ON TRANSPORTATION POLICY

September 21, 2017
September 22, 2017

Coos Bay, Oregon
North Bend, Oregon
Reedsport, Oregon

MEMBERS PRESENT: Rep. Caddy McKeown, Chair
Rep. Mark Meek, Vice-Chair
Rep. Richard Vial, Vice-Chair
Rep. Greg Barreto
Rep. Susan McLain
Rep. Ron Noble

MEMBERS EXCUSED: Rep. Paul Evans
Rep. Carl Wilson
Rep. Brad Witt

MEMBER VISITING: Rep. David Brock-Smith

STAFF PRESENT: Patrick Brennan, LPRO Analyst

EXHIBITS: Exhibits from this meeting are available ?ExhibitURL

MEASURES/ISSUES: Field Trip
Overview of International Port of Coos Bay and Port of
Future Vision
Tug Tour
Maritime Commerce Presentation
Hyrail Tour

Thursday, September 21

Briefing at International Port of Coos Bay – 125 W. Central, Suite 300, Coos Bay

John Burns, Chief Executive Officer for the Port of Coos Bay, gave a slide presentation on the Port's infrastructure, operations and future vision. He recalled the charge given to him by former Governor Ted Kulongoski to build the port into an economic engine for the region. The acquisition of the former Central Oregon and Pacific Railroad (CORP) line by the port and conversion of the line into the Coos Bay Rail Link was cited as an example of how the Port is an entity that solves problems and gets things done in the community; other examples include acquisition of a chip ice production facility and management and maintenance of the state-owned dredge.

Mr. Burns described the role that commercial fishing plays in the coastal economy, using the analogy of “farm-to-plate” and comparing that to the term “boat-to-throat” used in the fishing industry. He spoke of the challenge of moving goods and resources produced in Oregon to destinations throughout the world, emphasizing that the International Port of Coos Bay has a role in moving Oregon products, given its location and infrastructure.

Committee questions and comments for Mr. Burns included: funding provided for the state-owned dredge by House Bill 2017 (2017); and cost comparison for container traffic through the Port of Portland and the International Port of Coos Bay.

Mike Dunning, Director of Maritime Operations for the Port of Coos Bay, discussed the history of navigation improvements in Coos Bay harbor. The channel has been deepened several times, the last occurring in 1996. With changes in the maritime sector and Oregon industries, the Port of Coos Bay had about 300 annual callings in the 1980s, which has dropped to about 50 annually today. The Port exports about 1.5 million short tons through six private marine terminals on a yearly basis. He referenced a map of the navigation channel, which is 300 feet wide at a depth of 37 feet and includes two turning basins. Mr. Dunning commented that the planned Jordan Cove liquefied natural gas (LNG) project will move the Port into the category of a high-use port.

Committee questions and comments for Mr. Dunning included: accolades for members of the Legislative Assembly’s “coastal caucus”; and discussing past efforts to grow the region’s economy.

Patrick Kerr, Director of Rail Operations for the Port of Coos Bay, provided an overview of the Coos Bay Rail Link, a 134-mile short line railroad spanning from Coquille to Eugene. It restarted operations in 2011 and has seen a steady growth in number of cars, up to its current average of 7,500 per year. The Coos Bay Rail Link was named National Short Line Railroad of the Year in 2014 by Railway Age. The railroad connects with CORP to the south and to the Portland & Western Railroad in the north; however, barriers and resistance by potential partners have thus far stymied efforts to connect directly to a Class I railroad. Mr. Kerr commented on infrastructure improvements that have been made and others that are needed, including new tunnels and bridges. He emphasized the economic and environmental benefits of moving freight by rail rather than truck.

Committee questions and comments for Mr. Kerr included: whether the railroad industry is experiencing a move toward automation; and whether locomotives that utilize natural gas as fuel are available.

John Buckley, Charleston Harbormaster, reviewed the impact of commercial and recreational fishing on the coastal economy. The Charleston marina supports maritime trade and commerce, local commercial and sport fishing, and marine recreation and tourism. The marina supports 18 business leases, and reports that total fish landings in 2016 were 21.4 million pounds, valued at \$27.9 million. Mr. Buckley provided additional detail about the Port's stewardship role with regard to the state dredge.

Committee questions and comments for Mr. Buckley included: how smaller partner ports find money for dredging; and the cost of operating the dredge.

Anna Soderstrom, Commercial Operations Manager for the Port of Coos Bay, displayed a promotional video for the Port that had been put together. She reviewed changes taking place in the shipping industry and how the Port can find its place not as a bigger port but as a better port, one that can be a viable alternative for shippers concerned about congestion or other issues. Providing service to a diverse mix of different cargoes is an important part of that vision.

Tug Tour of Coos Bay – Departing from Coos Bay Boardwalk

Committee members and staff then walked a few blocks and boarded a tug boat for a tour of the Coos Bay Channel. The tour included information about private-sector Port partners, existing and planned port infrastructure, the Conde B. McCullough Memorial Bridge, and the Coos Bay Rail Link rail swing bridge. The tour finished at Charleston Marina.

Friday, September 22

Maritime Commerce Discussion – Mill Casino Bear Grass Room, 3201 Tremont St., North Bend

Betsy Spomer, President and CEO of Jordan Cove, LNG, provided an overview and history of the planned Jordan Cove liquefied natural gas (LNG) terminal project. The terminal project spans 240 acres at the International Port of Coos Bay, as well as a 279-mile, 36-inch pipeline that will connect the terminal to pipelines in Malin, Oregon. The original federal environmental impact statement (FEIS) was issued in September 2015, but was later retracted due to lack of market support; it was resubmitted and rejected a second time before being approved, on its third attempt, on September 21, 2017. Final approval from the Federal Energy Regulatory Commission (FERC) is anticipated by late 2018.

Ms. Spomer reviewed the refinement process for the proposal that has resulted in the project that is currently moving forward. These modifications include: safety improvements, such as relocating the fire department to the utility corridor, relocation of the Southwest Oregon Regional Safety Center; relocation of

workforce housing to reduce community and traffic impacts; and working with the Oregon Department of Geology and Mineral Industries (DOGAMI) to ensure the facility can survive a 9.0 earthquake and/or tsunami.

Regarding consumers for the LNG terminal, Japan is the world's largest consumer of LNG, and approximately one-quarter of its current supply is set to expire between 2020 and 2025. Jordan Cove has already reached agreement with two Japanese companies, JERA and ITOCHU.

Right of way for the pipeline has been the subject of significant revision as well. Under its original alignment, there were over 630 landowners who would be affected; under the new route, the number of affected landowners is 227, and 88 of those have provided voluntary right of way agreements for the project. Jordan Cove will attain eminent domain authority once the certificate is issued; however, it is the goal of the company to minimize the need to exercise eminent domain.

Once underway, the project will employ around 2,000 people for terminal construction and 4,000 people for pipeline construction. The pipeline will require 24 months for construction, the terminal 53 months. The project, once complete, will provide 180 jobs in Coos Bay, 20 in Portland, and an additional 20 pipeline workers combined in Coos Bay, Malin and Medford. The project will provide a significant tax base for Coos, Douglas, Jackson and Klamath counties.

Committee questions and comments for Ms. Spomer included: the initial charge to coastal officials by Governor Kulongoski; expected positive economic impact in southern Oregon in general and Coos Bay in particular; and the importance of clearing regulatory hurdles for the project.

Hyrail Tour of Coos Bay Rail Link

Legislators toured the Coos Bay – Reedsport portion of the Coos Bay Rail Link via Hyrail vehicles, which allowed them to see features of the rail infrastructure.

Working Lunch with City of Reedsport and Port of Umpqua – 451 Winchester Ave., Reedsport

Following the Hyrail tour, Committee members were met at Reedsport City Hall by Mayor Linda McCollum, who provided a brief overview of the city's recent accomplishments, which included purchase of new police cars and a new fire engine.

Jonathan Wright, Reedsport City Manager, noted that Reedsport has little to no room to take on additional debt to address needed infrastructure. The city's levee system plays a vital role in keeping water out of the city, as well as keeping water off of two state highways, yet no longer meets federal standards. An appropriation was sought from the Legislative Assembly, but was unsuccessful.

Unless the levee is updated, many of the city's structures will require flood insurance, while larger businesses would need to elevate or relocate.

Steve Reese, President of the Port of Umpqua, described infrastructure concerns at the Port, including the Scofield Bridge, which has settled and is situated on wood pilings that make it particularly vulnerable to a seismic event. The Port recently acquired a flake ice machine to assist with the fishing industry, and is responsible for dredging the federal channel in the Umpqua River.

Charmaine Vitek, Manager of the Port of Umpqua, expressed appreciation to the Legislative Assembly for providing money for dredging this year. She described several activities, including placing a new dock at Winchester Bay and purchase of a new office building that will house a business center. She also noted that work has been ongoing on the former site of an International Paper facility.

Committee questions and comments for this panel included: the fact that tide gates and levees are an issue throughout the region; estimates for what is required to return the levee system to required specifications; activities of Fred Wahl Marine; and reasons for the shutdown of the International Paper mill.