

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
11:00 a.m., Thursday, November 21, 2024

Port Commission Chambers, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

ATTENDANCE

Commission:

Kyle Stevens, President; Nick Edwards, Vice President; Kyle ViksneHill, Treasurer; Elise Hamner, Secretary; and Arnie Roblan, Commissioner.

Staff:

Lanelle Comstock, Chief Executive Officer; Mike Dunning, Chief Port Operations Officer; Matt Friesen, Director of External Affairs; Ray Dwire, Charleston Marina Manager; and Krystal Karcher, Administrative Services Manager.

Media & Guests:

Ross Williamson, Local Government Law Group; Melissa Cribbins, PCIP Executive Director; Elaine Howard, Elaine Howard Consulting, LLC; David Milliron, City of North Bend; Jeff Bridgens, City of North Bend; Martha Gregor; Dena McDonald; Cory Smith; Mike Graybill; Audrey Malone; Arleen Malone; Mark Daily; Becky Bryant, Business Oregon; Jamie Fereday; Abby Knipp; Mike Vaughan; Chirstine Moffitt; RaeLea Cousens; Lou Leberti; Knute Nemeth; Rex Leach; Ty Cutting; Laura Erceg, Southern Oregon Coast Pride; Jonathon Bates, United Brotherhood of Carpenters; Zaria Hamilton, South Coast Health Equity Coalition; Jess Howell, South Coast Health Equity Coalition; Patricia Ashley; Joel Fox; Ashley Audycki, Rouge Climate; Cammie Pavesic; CJ Blaney; and Jan Hodder.

1. CALL MEETING TO ORDER

President Stevens called the meeting to order at 11:04 a.m.

2. INTRODUCTION OF COMMISSIONERS, GUESTS AND PORT STAFF

3. PUBLIC COMMENT

A. Mike Graybill read from his written testimony, which is attached to the end of these minutes. Mr. Graybill also provided additional documents, which are attached to the end of these minutes.

B. Mark Daily asked Melissa Cribbins if the dock at the terminal project building is large enough for LNG ships. President Stevens stated staff will look into this and the information will be provided. Mr. Daily stated that the City of Coos Bay seems to be collecting old tugboats, perhaps as part of history, although they appear to be older than the 1970's and likely have lead paint. Mr. Daily stated these are an attractive nuisance and suggested commenting to the City Council of Coos Bay.

Mr. Daily stated at a recent Democratic Party meeting, there was a report from someone claiming the Port has been doing business with a contractor who is a known white supremacist. This report indicated that there was probably going to be much more business given to this person with the development of the large terminal project. Mr. Daily expressed his opposition to this and stated that it is expected this issue will be addressed.

C. Jamie Fereday stated that he has supplied the Commission with two documents, (which are attached to the end of these minutes). One is a rebuttal that was written just over a year ago; the other is a letter to the Commission with information about the estuary. Mr. Fereday stated that as a retired science teacher from the Millicoma School next to the estuary, he has learned about the estuary and the coastal management programs. The State of Oregon has planning goals for estuarine resources, including Goal 16, “to recognize and protect the unique environmental, economic and social values of each estuary and associated wetlands; and to protect, maintain, where appropriate develop, and where appropriate restore the long term environmental, economic and social values, diversity, and benefits of Oregon’s estuaries”.

In the Coos County Estuarine Resilience Action Plan from 2023, regarding climate change, sea level rise and flooding potential, there should be “strong deliberate efforts in coastal resilience planning and management”. Mr. Fereday urged the Commission to begin a new era where estuarine values other than shipping take on more importance.

D. Jan Hodder read from her written testimony, which is attached to the end of these minutes.

E. Christine Moffitt stated she also had the opportunity to meet with the community engagement contractors. Extensive comments were provided to them; the theme of which will be highlighted here, along with the written testimony being submitted, (which is attached to the end of these minutes).

Ms. Moffitt expressed concern that oral comments given have often not been fully articulated in the meeting minutes. One area of concern is the lack of transparency and no mechanism for taxpayers to have input directly to the Commissioners. Ms. Moffitt stated that since Commissioners are appointed by the governor, if there is a recall initiated it must be done statewide. There is little opportunity for regular input, other than the Charleston Advisory Committee. There needs to be a Citizens Advisory Committee group. Ms. Moffitt also stated the strategic plan is very out of date. The 2015 Strategic Plan has Commissioners who are no longer part of the organization, as well as the Chief Executive Officer, and the mention of the Oregon Gateway Project is listed for the North Spit as dependent upon the Jordan Cove Energy Project. Recent testimony has encouraged the Commission to develop a strong strategic plan involving members of the community. The Port history of developing and launching projects with no public input and a lack of information and understanding is routine. The League of Women Voters’ documents provide the historical system of that, notably the recent Jordan Cove Energy Project that started in 2007 as an import facility before changing to an export facility. The lessons learned from that project were that the Coastal Zone Management made it impossible to do that development. Then over time HB 3382 changed that, giving the opportunity to ask for an exception. Ms. Moffitt stated she would appreciate the Commission engaging directly with the people who are concerned about the development projects.

F. Knute Nemeth stated he had a conversation recently with someone representing ship owners for forty years working from Canada to Panama. Discussions regarding the Port of Coos Bay were that the larger ports work because they have the infrastructure and accessibility to the markets already established. The companies shipping their products look at the financial costs. Mr. Nemeth stated that the discussion stated Coos Bay does not have a chance. There was a study done 25 or 30 years ago, at

a cost of \$50,000 came back that a large project was not feasible. Mr. Nemeth stated his concern that public money and energy would be spent that could be better spent elsewhere in the community. To create a white elephant with no customers that will significantly alter the estuary system. Mr. Nemeth recommended the Port take a deep financial look as to why these companies are shipping through the ports of Long Beach, Los Angeles, Alameda, Oakland, Seattle and Tacoma. The Port of Portland is already operating and not getting business. There should be signed contracts from shippers before moving forward. The idea of “build it and they will come” does not work when public money is invested.

G. Lou Leberti stated he is Charleston property owner and member of the Charleston Advisory Committee. He stated that Charleston is important and asked that the Shipyard, Ice Plant, and Charleston not be forgotten.

H. Rex Leach stated he has three topics of concern. The first is a public hoist for live buyers for Dungeness crab in the Charleston harbor. There were issues last year using the hoist at the Ice Plant. Nothing has changed and the solution the Port came up with was not a fix. Dredging is needed to access the old Point Adams dock, which has a hoist and would help solve the public hoist problem. Dredging would also help with access to the fuel dock. Access for large boats is restricted to a high tide due to the need for dredging. The second concern is the need to repair the Shipyard docks to ensure access to all of the available waterfront. Currently there is a large section that is inaccessible, and gear changeovers get congested.

Mr. Leach stated the last item of concern is regarding the sale of Giddings Boatworks, stating he supports the sale to Whit Industries. The fleet needs the continuing services offered. Mr. Leach stated he knows Whit and his work ethic. Politics have become involved and should not be. The fleet needs Whit Industries and the Shipyard services provided.

I. Ty Cutting stated he is a fifth generation fisherman out of Charleston, currently managing three boats. Mr. Cutting stated coming around the corner at the transient dock on a low tide, the need for dredging is getting bad. With winter coming, this area needs attention. Mr. Cutting asked that if this area is not dredged prior to the start of crab season, to not let vessels park in the transient area as this is a safety concern. Five years ago, a boat hit that same sand bank and rolled over. Mr. Cutting stated the docks are in need of repair and improved maintenance. Mr. Cutting stated also that he has done business with Whit Industries for ten years and he has been great for the community.

J. Joel Fox stated the Port is a local government and as such, the public has an interest and a right to expect transparency in the vetting and letting of contracts, choosing vendors and customers, and the contracting process as a whole. Mr. Fox stated he has seen contracts that have been let by public agencies that turned out to fail for various reasons. This should be public information. Mr. Fox urged the Board to be very careful about choosing who to do business with and who customers are, and not to chase bad business. This is an important aspect of being a transparent public agency. The public has a right to know about contracts, events, and where the money is going.

K. Mike Vaughan stated he has a proposal to place a mural on the fuel tank at Highway 101 and Newmark Ave. There are five tanks there and the tank in particular is 500,000 gallon. Mr. Vaughan stated his intention is to raise the image of the port as a working industry and without towboats there would be no ships coming and going. They are an integral part of the economic success here in Coos Bay. The mural may include a profile of the Cooston hills. Mr. Vaughan stated he is available to answer questions or meet with anyone interested in more information after the meeting.

L. Karie Silva provided written testimony, which is attached to the end of these minutes. Commissioner Edwards read the testimony into the record.

4. PORT PROJECT UPDATE

A. Pacific Coast Intermodal Port (PCIP)

Melissa Cribbins stated the project team continues to engage with the Federal Strikeforce, which convenes federal, state and local agencies to coordinate the NEPA and permitting efforts. This is a monthly virtual meeting where status of the project cycles are reviewed, including the community engagement, funding and financing, and permitting. This gives the agencies an update as well as an opportunity to work through issues that need to be addressed. Ms. Cribbins stated Port staff have been working on the permitting applications. As several of the public commenters noted, the community engagement work has been initiated by JLA to conduct pre-NEPA discussions. Their role is to draft a community engagement plan and they will be submitting it to the Commission at the meeting next month. This effort is the first stage of community engagement and it is meant to gather concerns and thoughts from stakeholders.

Ms. Cribbins stated there has been documented interest received from major Asian ocean carriers and the commercial side of the project is currently in discussion about the container volumes of shipments. Discussions also continue with Union Pacific about the Eugene railyard.

There has been \$54 million received in federal planning grants for the planning and permitting of the railyard and the container terminal. This sounds like a lot of money, and should be enough to get the job done with the match that is coming from the private partner. In perspective, the Coos County budget is \$110 million per year, so this amount is less than that. Ms. Cribbins stated that the Port is grateful for the support and will work to ensure the work is done correctly and the planning and permitting work are done to the highest level.

Ms. Cribbins stated the PCIP will be a state of the art, electrified by clean energy, 100% rail served intermodal terminal with two berths. The benefits of the facility are that it is a faster route for shippers and the emissions are reduced by having a shorter ocean voyage. The Port of Coos Bay is the only deep-draft port with the opportunity to construct a major rail-served freight transportation hub. Historical precedence shows that the Port handled 350 ship calls per year prior to the 1980's. The last deepening of the channel was in 1998 to an entrance depth of -47' and a channel depth of -37'. ORS 777.065 points to the Port of Coos Bay, along with other ports, as important to the State's goal of economic development.

There are three parts to the project: the new container terminal, channel modification, and the rail improvements. There are a number of federal, state, and local entities engaged in the permitting process. The channel modification continues to be a complex process. The new container terminal will be a two berth facility with the berths dredged to -50' depth. The terminal will be designed with a stand-alone, pile supported offshore wharf to minimize the environmental impact and the terminal design will follow green operating principles. Rail yard considerations for the terminal are currently at 10% design. Planned rail improvements include replacing track and ties, improving and replacing or strengthening bridges and culverts, increasing clearance within tunnels, while minimizing the interruptions in service to existing customers as much as possible.

The next steps in project development include starting NEPA work. The financial model is under

development for the RRIF credit analysis regarding loan discussions. Efforts continue to solidify industry and stakeholder relationships.

5. CONSENT ITEMS

- A. Approval of October 15, 2024 Regular Commission Meeting Minutes
- B. Approval of October Invoices
- C. Approval of October Contracts Awarded

Upon a motion by Commissioner Roblan (second by Commissioner ViksneHill), the Board of Commissioners voted to approve the October 15, 2024 Regular Commission Meeting Minutes, October Invoices and October Contracts Awarded. **Motion Passed Unanimously.** (Ayes: Stevens, Edwards, ViksneHill, Hamner, and Roblan. Nays: None).

6. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

Commissioner Edwards asked for an update on the dredging possibilities in Charleston. Mike Dunning stated the Port continues to work with the Army Corps. It looks like Manson Construction will be mobilizing in the next few weeks to take care of the Army Corps' portion. Port staff have looked at alternatives if the Port portion is not dredged. A possibility is keeping boats off the B dock transient section for the winter season. Commissioner Edwards asked if negotiations are continuing. Mr. Dunning confirmed. Commissioner Edwards stated the cost for this dredging project is considerably more than previously. Mr. Dunning stated it is three times the cost and Port staff continue to negotiate.

7. ACTION ITEMS/REPORTS

A. 2024Res12: Increasing Maximum Indebtedness in the North Bend Urban Renewal Plan

Representatives from the City of North Bend and Elaine Howard Consulting were present at the meeting to present information regarding the proposed action item.

David Milliron introduced Elaine Howard to go over the process of the substantial Urban Renewal Amendment and the role of the Port in that process. Typically, the Port would not have a role in another entity's Urban Renewal Plan but with the City of North Bend looking to increase their maximum indebtedness over the amount statutorily allowed on their own, they need the Port to concur with the increase. That increase must be approved by taxing districts representing 75% of the tax increment proceeds from the permanent rate levy, in writing via a resolution. The City of North Bend needs their City Council to approve, along with the North Bend School District and the Port.

The financial impact of an urban renewal plan is on the overlapping taxing districts. The impact for the Port of Coos Bay for the fiscal year ending 2024 through fiscal year ending 2055 is approximately \$1.6 million. Annual details are in the table below.

FYE	PORT	FYE	PORT	FYE	PORT
2024	(36,831)	2035	(50,321)	2047	(52,259)

2025	(38,984)	2036	(50,864)	2046	(57,280)
2026	(37,673)	2037	(51,424)	2048	(52,792)
2027	(39,295)	2038	(52,000)	2049	(53,428)
2028	(41,011)	2039	(52,594)	2050	(54,068)
2029	(42,779)	2040	(53,206)	2051	(54,724)
2030	(44,599)	2041	(53,836)	2052	(55,399)
2031	(46,474)	2042	(54,484)	2053	(56,095)
2032	(48,405)	2043	(55,153)	2054	(56,811)
2033	(50,395)	2044	(55,841)	2055	(57,550)
2034	(49,810)	2045	(56,550)	TOTAL:	(1,612,935)

These impacts are only within the Urban Renewal Area and the increase in assessed value in the area that are over the value of the frozen base. In FYE 2024 that amount was approximately \$36,000 and it will increase 3% annually. This will not cause current tax revenues received to be decreased; it would mean that taxes received from the increased value within the urban renewal area go to the URA district.

With the substantial amendment to the plan there is revenue sharing, which is a new impact to the URA. The URA is required to start sharing their incremental increases once their annual revenue hits 10% of their initial maximum indebtedness. This is projected to occur in FYE 2034. Annual details are in the table below.

FYE	PORT	FYE	PORT	FYE	PORT
2024	0	2035	4,414	2047	2,629
2025	0	2036	6,106	2046	10,345
2026	0	2037	7,848	2048	12,195
2027	0	2038	9,642	2049	14,100
2028	0	2039	11,491	2050	16,079
2029	0	2040	13,395	2051	18,121
2030	0	2041	15,356	2052	20,223
2031	0	2042	17,375	2053	22,389
2032	0	2043	19,456	2054	24,620
2033	0	2044	21,598	2055	26,918
2034	2,772	2045	23,805	TOTAL:	320,876

These revenue amounts are based on a percentage established by statute. These amounts continue to grow each year through FYE 2047, when a development will come off of the tax roll and impact the overall amount of money to the Urban Renewal Agency.

An urban renew plan amendment is adopted with public impact, agency review, presentation to the County, planning commission review and a city council hearing and vote. The hearing and vote by the City Council is scheduled for December 10, 2024.

Estimated project allocations are about \$31 million in FYE 2024 costs, or about \$41 million in year of expenditure cost estimate. The largest allocation planned is to a housing project. Other allocations include continuing the current work of the agency with streetscape projects, grants, street and utility upgrades, as well as parks and recreation projects.

The housing project the City has been working on would focus on workforce housing. First priority would go to people in specific groups such as education, healthcare, public safety and logistics workers. The City purchased the old County Annex in 2021. The structure would need to be demolished to make way for a minimum of 72 new housing units. The City has secured a \$4 million grant of federal funding.

Mr. Milliron expressed gratitude to legislators working with the City on this housing development project. The City bought the Annex with the intention of developing housing. Mr. Milliron reiterated this is not a new tax for people, it is an extension of the Urban Renewal Agency. If the increase in maximum indebtedness is not approved by the 75% of taxing districts, the Agency could still increase it by about 20% but this only get the district about \$4 million additionally. If the Agency were to dissolve, there would be no increase or decrease to anyone's tax bills.

Mr. Milliron stated a survey in 2022 showed that 182 new housing placements were needed for the education, healthcare, public safety and logistics workers within Coos County. This project was awarded the grant funding and is the only known project for workforce housing in the country for this CIP grant.

Commissioner Roblan asked whether the Annex building would be removed or rehabbed. Mr. Milliron stated the building would be completely demolished. The City has been working with the State's Historic Preservation office. Although not a historic building, it does contribute to the overall look of the district. The current plan includes day care services with frontage on Union Avenue. The City is considering extending the property to the entire block, including City Hall, to be demolished and then rebuilt. The City Hall does not need its' current large footprint and is costing the taxpayers more in maintenance than it should. The City Hall offices could be incorporated into the new building.

Commissioner Roblan asked how compression affects the taxing districts. Ms. Howard stated compression happens on a property-by-property basis, and can be difficult to define. Urban renewal does change compression somewhat, and in some municipalities it will help to improve it.

Mr. Milliron stated the City of North Bend Urban Renewal Agency has been good stewards of the grant money they have received. Of the more than \$20 million received in the last four years, only \$16.5 million of that was specific to the City. The URA has helped other government entities. Each of the projects that the URA has undertaken where there is commercial activity has been placed back on the tax rolls. The County Annex has not been on the tax rolls for many years, so this will be a positive change.

Commissioner Hamner asked whether the land under the building would be taxed separately from the improvements to the property. Mr. Milliron stated the commercial activity would be taxable.

Mr. Daily asked for clarity whether this change would affect other municipality outside of the North Bend district. Mr. Milliron stated this change would only affect the taxing authority within the district, which is located within the city limits of North Bend.

Upon a motion by Commissioner ViksneHill (second by Commissioner Roblan), the Board of Commissioners motioned to adopt resolution 2024Res12 concurring to increase the maximum indebtedness in the North Bend Urban Renewal Plan from \$11,800,723 to \$45,500,000. **Motion Passed Unanimously.** (Ayes: Stevens, Edwards, ViksneHill, Hamner, and Roblan. Nays: None).

B. 2024Res15: Adopt Port Policy 6.10: Title VI Non-Discrimination Policy

In response to the concerns raised about one of the Port's vendors and in anticipation of receiving federal funding, the Port is recommending the adoption of Resolution 2024Res15, approving Port policy manual section 6.10: Title VI Non-Discrimination Policy.

The U.S. Department of Transportation's (DOT) Maritime Administration (MARAD) Office of Civil Rights (OCR) is responsible for ensuring MARAD grant recipient compliance with Federal civil rights laws, regulations, and requirements, including following applicable Federal guidance on Title VI of the Civil Rights Act of 1964 (Title VI) and Americans with Disabilities Act of 1990 (ADA) requirements. All applicants must demonstrate compliance with the applicable civil rights requirements prior to execution of their grant award.

All grant recipients are required to submit a comprehensive Title VI Plan prior to the execution of any grant. The Port is committed to adherence of all federal and state laws concerning discrimination. Port Policy 14.9: Non-Discrimination and Anti-Harassment/Violence, specifically addresses the behavior and actions of Port personnel, but does not address the non-discrimination requirements of those who contract with or represent the Port's interests.

As part of the development of this Title VI plan, Port staff recommends that a formal policy be established and approved by the Port Board of Commissioners. This policy applies to all operations of the Port, including its contractors and anyone who acts on behalf of Port. This policy also applies to the operations of any private partner, department or agency to which the Port extends state and federal financial assistance. State and federal financial assistance includes grants, training, equipment usage, donations of surplus property, and other assistance.

Port Policy Manual Section 6.10: Title VI Non-Discrimination Policy has been drafted to reflect the Port's Title VI Non-discrimination Policy Statement. The policy has been reviewed by the Port's legal counsel.

In addition to the adoption of this policy, all vendor contracts will be amended to include the Title VI policy requirements. The contractor will be required to adhere to this policy. A complaint procedure and form will be developed and placed on the Port's website to allow anyone to file a complaint. A designated employee will be responsible for coordinating the investigations into each complaint.

Upon a motion by Commissioner Roblan (second by Commissioner ViksneHill), the Board of Commissioners motioned to adopt resolution 2024Res15 approving Port Policy Manual Section 6.10: Title VI Non-Discrimination Policy. **Motion Passed Unanimously.** (Ayes: Stevens, Edwards, ViksneHill, Hamner, and Roblan. Nays: None).

C. 2024Res13: Amendment to Port Policy 3.1: Public Meetings

Each year, the Port of Coos Bay participates in the Special Districts Insurance Services (SDIS) Best Practices Program to receive up to a 10% credit on the following year's contributions for general liability, auto liability, and property insurance. The purpose of the program is to assist districts with implementing best practices to mitigate risk in areas of high exposure. This year, the focus of the program is on Public Meetings.

One of the requirements to receive 2% of the 10% credit is to have an adopted Public Meeting Policy that includes new legislative requirements that went into effect January 1, 2024.

Port Policy Section 3.1: Public Meetings, has been amended to reflect SDIS' sample policy, updating the legal requirements for public meetings by electronic means.

The redlined tracked version of the changes was included within the packet following the resolution.

Upon a motion by Commissioner Edwards (second by Commissioner Roblan), the Board of Commissioners motioned to adopt resolution 2024Res13 approving the amendments to Port Policy Manual Section 3.1: Public Meetings. **Motion Passed Unanimously.** (Ayes: Stevens, Edwards, ViksneHill, Hamner, and Roblan. Nays: None).

D. 2024Res14: Change in Registered Agent

According to Oregon Revised Statute 198.340, a special district shall designate a registered office and a registered agent. The registered agent shall be an agent of the district upon whom any process, notice or demand required or permitted by law to be served upon the district may be served.

The Oregon Secretary of State Archives Division has former Chief Executive Officer, John Burns, listed as the registered agent for the Oregon International Port of Coos Bay. A resolution is required to change the registered agent's name with the State of Oregon.

Upon a motion by Commissioner ViksneHill (second by Commissioner Edwards), the Board of Commissioners motioned to approve Resolution 2024Res14 naming Lanelle Comstock as the registered agent on record for the Oregon International Port of Coos Bay with the Oregon Secretary of State Archives Division. **Motion Passed Unanimously.** (Ayes: Stevens, Edwards, ViksneHill, Hamner, and Roblan. Nays: None).

E. Kingwood Avenue & Alley Way Street Vacation

Per Oregon Revised Statutes 271.180 and 271.190, municipalities are required to seek approval from Ports and other adjoining property owners for proposed vacation of streets, alleys, and common public places within 5,000 feet of the harbor or pier headlines of the Port.

Northwest Natural Gas Company owns Lots 400, 500/500A1, 1100 and 600 that comprise the Coos Bay Resource Center for 6 employees who provide natural gas services and natural gas installations in Coos County. They are requesting the vacation of 132.75 feet of Kingwood Avenue adjacent to Lot 400, south of Kingwood Avenue, and Lots 500/500A1 to the west and north of Kingwood Avenue. They are also requesting the vacation of the Alley Way between Lot 400 to the east and Lot 1100 to the west of the Alley Way. This request is being made for the planned placement of new buildings at the site.

Port staff reviewed the area of the proposed vacation and believe the street right of way vacation action will not create a negative impact on Port activities.

Prior to the City of Coos Bay taking any formal action on the proposed right-of-way, the Port's Board of Commissioners must approve the vacation.

Upon a motion by Commissioner Hamner (second by Commissioner Edwards), the Board of Commissioners motioned to approve the request for consent from the City of Coos Bay to vacate 132.75 feet of Kingwood Ave and the alley way between Lot 400 and 1100. **Motion Passed Unanimously.** (Ayes: Stevens, Edwards, ViksneHill, Hamner, and Roblan. Nays: None).

8. **OTHER**

9. **COMMISSION COMMENTS**

10. **NEXT MEETING DATE** – Thursday, December 19, 2024, 11:00 a.m.

11. **ADJOURN**

President Stevens adjourned the meeting at 12:42 p.m. and entered into Executive Session, as authorized under ORS 192.660(2), to:

- (e) conduct deliberations with persons designated by the governing body to negotiate real property transactions;
- (f) consider information or records that are exempt by law from public inspection;
- (g) consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations; and
- (j) carry on negotiations under ORS Chapter 293 with private persons or businesses regarding proposed acquisition, exchange or liquidation of public investments.

Public Testimony of Michael Graybill, Charleston Oregon

Port of Coos Bay Commission meeting 21 December 2024.

Thank you I'm Mike Graybill from Charleston

I have three comments and requests today.

1 First, thank you for providing me with an opportunity to speak with your public outreach contractors regarding the PCIP project. However, please understand that providing an opportunity to interact with a contractor is no substitute for having an opportunity to communicate directly with you; the people appointed to direct the day-to-day activities of the port district on behalf of the taxpayers of the district.

In the absence of this opportunity, the information exchanged in the course of the hour I spent discussing this project would have required me to chop those thoughts and suggestions into 20, three-minute statements at twenty port commission meetings. My meeting with your contractor really put a point on the historic absence of a substantive mechanism for the commission to receive input from constituents in the district.

To that end, I would like to share the written responses I provided to your contractors and ask that they be entered into the minutes of this meeting. I also ask that you consider providing an opportunity for people in this district to substantively interact directly with you regarding this project.

2. Secondly, I want to follow up on my appearance at the October 2024 meeting. At that meeting I requested information related to the criteria the commission intended to use to determine whether or not to go forward with the PCIP project. I can report that I have not received a response to that request. I have presented you with a written transcript of that request and also ask that it be entered into the minutes of this meeting.

3. Finally, I want to follow up on my appearance before the commission at the December 2023 commission meeting. At that meeting, I requested information as to the status and plan for the \$55 million state bond funds appropriated by the legislature to provide non-federal cost share for the federal MEGA grant. I never received a response to this inquiry. I have attached a copy of my testimony that I request be added to the minutes of this meeting.

I have provided three documents related to that information request.

The first document is the Commission's 5 May 2023 testimony requesting legislative authorization of \$40 million of lottery bond funds which, and I quote *"will serve as matching funds to support federal investment for this project..."* This testimony also reported that, and I quote *"the project is at 90% engineering and design"*

The second document is an excerpt from Oregon House Bill 5030 passed during the 2023 session in response to the commission's 5 May request. HB 5030 appropriated \$40 million in two, \$20 million tranches spread over two state biennia for the purpose, and I quote *"to pay the nonfederal cost share, or the nonprivate cost share, of expenses of the project"*.

A full year has passed since I requested information regarding the status of these appropriations. The Federal grant application for which the state matching funds were appropriated did not receive funding. I presume this to mean that at least the \$20 million 2023 cost share tranche was no longer required. Since I have not received a response to my first inquiry, I submit it again and ask that it be included in the minutes of this meeting.

Subsequent to the denial of the mega grant, the commission recently announced receipt of a \$25 planning grant through the federal INFRA grant program.

My request today is for clarification of the status and purposes of the funds appropriated for the planning and permitting linked to the proposed expansion of the federal navigation channel. It is my understanding that the commission potentially has \$65 million on hand to complete the planning and engineering work on the channel project. This total does not include the \$29 million of federal funds recently granted to support planning and engineering work for the Coos Bay rail line. That's a lot of planning money! For comparison, I offer that the entire annual budget for Coos County is \$29.6 million. If an initial \$20 million appropriation was sufficient to complete a reported 90% of engineering and design, I ask; What work will the \$65 million allocated for planning and engineering purposes be used to accomplish? I also ask that this testimony be entered into the minutes of this meeting.

Thank you for providing me with this opportunity to appear before you.

Responses to the PCIP Community outreach Interview Questions

16 November 2024

Submitted by Michael Graybill for consideration by the members of the Port of Coos Bay Management Commission at their 21 November 2024 meeting.

1. Do you have any thoughts, concerns or ideas about this project and its potential impact on your community?

Project will have deleterious safety and quality of life impact on communities along rail route that are outside the Port District boundaries including but not limited to City of Reedsport.

The publicly available portion of the business plan has glaring deficiencies. The extreme business risk of the PCIP coupled with a massive (2/3rd) reliance on public subsidies points to a high likelihood that this big-ticket project will fail to deliver hoped for outcomes. The likely failure of this project in the wake of a massive infusion of public resources holds very real potential to damage the credibility of this community for decades to come. Failure or bungled execution of this project will jeopardize prospects for political support for future projects that actually deliver community benefit. The PCIP is yet the latest of grandiose, overreaching, and out of touch plans advanced by the port authority. This project sets the stage for this community to become a regional laughingstock.

The phenomenal level of public financial support being directed at the navigation channel expansion and the rail line is siphoning port staff's and community leader's capacity away from other development projects that have greater potential to attract funding that stays in the community and delivers tangible community benefits.

Who introduced the concept of this project in the first place and who articulated its scope and scale? The PCIP suddenly emerged in the wake of the failure of the Jordan Cove Energy Project and the model used to promote it is exactly the same model that resulted in the ultimate failure of the JCEP.

Who established the design parameters of the PCIP? The annual container throughput estimates provided by the port and project proponents have ranged from 1.2 million TEU/year to 2 million TEU's. That's a difference of 800,000 containers per year! Similarly, job estimates used in public testimony have ranged from 1,500 to over 8,000. These arm waving estimates hardly instill confidence that the project proponents have a plan in place that is worthy of more than a billion dollars of public funding.

The majority of the hundreds of millions of dollars of public funding received by the port to set the rail and navigation channel elements of this project in motion has brought a questionable and intangible level benefit to the taxpayers of the port district or to the broader community. Instead, the majority of funding garnered for this project has been exported to out of area business ventures and consulting contractors.

The port has more staff capacity than many of the other institutions in our community. Few other organizations in this community have resources to employ lobbyists and personnel engaged in government affairs. This has provided the port with outstanding, priority access to elected officials. Unfortunately, the port's had won and well-deserved priority access to the legislative and appropriations processes has usurped much of the limited capacity of our elected representatives to respond to other pressing community needs. Appeals by port leaders for state and federal resources in support of this project have drawn attention and resources away from other deserving community development projects. The privileged access to elected officials by port leadership has resulted in leaders having a shorthand sense that the top priorities of the port are the top priorities of the community. Today when elected officials speak of the needs of the community, they list port project first. That is not necessarily a good thing.

This project will fragment, privatize, and industrialize one of the few remaining segments of natural shoreline left in the estuary. The portion of the estuary to be most greatly impacted by the PCIP is an area of great cultural significance to present day residents and visitors as well as a traditional cultures that have used this site for centuries and the biota that have made this region of the estuary the focus of the people that interact with it.

This project proposes to make a huge investment in developing hard infrastructure designed to be a major/central driver of the local and regional economy. I am concerned that the design of this project will locate this costly critical infrastructure on a site that is widely recognized as being at the greatest risk of impacts from earthquakes and inundation by distant and locally generated tsunamis. It is a fool's errand to knowingly develop an economically important, high density employment cent in an area that is at greatest risk of damage and disruption by a known natural hazard. Building the PCIP as planned sets the stage for massive yet avoidable social and economic disruptions.

2. Are there opportunities you feel this project might present for you or your community?

The big money for dredging and rail construction work is unlikely to land in or benefit this community. Instead, those funds will go to operators outside of this community. That will limit the opportunities for this community to a much smaller slice of the pie. This community may benefit from some of the temporary construction jobs. There will certainly be increased opportunities for prostitutes and smugglers and increased dependence on public services. The increased biosecurity and ecological hazard risks posed by this project are likely to increase opportunities for emergency responders and invasive species monitoring and control programs. Security guard services, the office of homeland security and the agricultural inspection service will probably add a few jobs. Business for tug operators and ship suppliers might pick up. Someone is likely propose standing up a vessel fuel bunkering service. Emergency responders such as the Coast Guard will likely get a bump up. The airport is likely to see a bump in business.

But these uncertain "opportunities" will come at the expense of the as yet to be considered negative impacts the project is sure to have on this community. There has not been a forum to discuss the downside consequences of this project. The people involved in advancing it are too busy selling its prospective virtues.

3. What topics or priorities do you feel the Port should address, including through the Environmental Impact Statement?

Who asked you to ask this question? Who said this project was going to be built? NEPA is a process run by federal agencies. What place does this question have in a public outreach process?

The port just got another \$25 million to continue to gather information about the feasibility and possible consequences of this project. I have repeatedly asked the port commission to disclose the criteria they intend to use to determine if this project concept is in the best interest of the taxpayers in the district that they have been appointed to represent. The port has not responded to this request.

The OIPCB is a local, special taxing district that, first and foremost should be directly accountable to the residents of the district. It does this via its operation of the Charleston Marina but so far the massive effort and funding spent on projects such as the PCIP provide, at best, intangible benefits to the residents of the taxing district.

4. What would a successful community engagement process look like to you? Do you have any past experience with a particular public process that worked well?

How about some genuine transparency?

How about engaging the taxing district membership *before* committing to proposals that obligate the district membership?

The Port Commission should set up an advisory committee to use as a sounding board for big projects before committing to them. This community has been bombarded with so many great sounding ideas it's hard to keep track of them all (Ship breaking, NUCOR steel scrap smelting, LNG processing, Oil rig fabrication, navigation channel expansion). These unsuccessful projects were conceptualized and marketed using the same formula being used to promote the PCIP. How long will it be until the recognition comes that this model does not appear to work very well?

Make a genuine effort to engage the members of the port district in the revision of the 10 year strategic plan that is required by statute and is overdue for revision.

Take a real leadership role in the long overdue revision of the estuary management plan. Use five or ten million dollars of the \$65 million available for planning the expansion of the navigation channel to help the county revise this plan.

I have worked for 40 years to improve the understanding and management of estuaries in this region. I have served on various advisory boards including the Charleston Marine Advisory Committee of the OICP. During that time, I have observed multiple initiatives undertaken by the OIPCB staff and Commission that have been launched with little if any input from the members of the port taxing district.

For the past 12 years I have attempted to meaningfully engage members of the Port Taxing District Commission and the staff by attending meetings, reading reports and studies prepared by consultants on behalf of the of the district commissioners and by commenting on the public permitting processes related to multiple proposals being championed by the port. Unfortunately,

my own efforts and others in this community to engage have been largely rebuffed and ignored. An essential rule in community engagement is that if you ask for advice, you should be prepared to be responsive to the advice you receive. The port has yet to develop a process to meaningfully seek or respond to public input.

I worked my entire professional career as an executive manager of an Oregon public agency. I served at the pleasure of a governor appointed Commission appointed to carry out the statutory obligations of the agency. The OIPCB is also an Oregon public agency; also governed by a commission appointed by the governor. I am astounded by the profound lack of transparency associated with the activities of the port. Requests I have made to access information such as technical studies and reports have been stonewalled even though they these studies and reports were prepared on behalf of the port commission using public funding for submission to other state and federal funding and permitting agencies. The routine and frequent practice conducting business in executive session appears to be a rather unique aspect of the port's business practices. The port conducts more business in executive session than any public agency that I have encountered in my career. This mode of operation only fosters suspicion and distrust.

5. What groups or individuals do you suggest we talk to in the near-term to inform our recommendations for the upcoming community engagement process?

Nice idea, but incredibly bad timing. The classic process used by the port over and over again is to commit to a project first then go out to the community to find who they can draft or cajole into supporting it. This is NOT community engagement it is opinion shaping marketing via propaganda. The two-page handout used as part of this process is a classic case in point. It fails to provide an objective, factual characterization of the project. Instead, it is a deceitful promotion piece. The entire section about this project cutting emissions is not just a biased optimistic distortion of the facts; it is a lie.

The PCIP proposal is just the latest in a long string of overreach projects advanced by the port that have typically been conceptualized by staff working with some out-of-town development interest in the absence of an open community dialogue. Once an optimistic outline for the proposal showcasing a list of "benefits" is developed it is quietly and strategically marketed to key players such as elected officials to secure their support and to permitting agencies to warm them to the project concept. Initial commitments to the project are made in executive session by the commission such as leases or sale of land that set the project in motion. Some projects are even assigned code names. Then the staff develops a simple, "white paper" including talking points showcasing only positive elements of the project. This simplistic, sanitized characterization is then used as the basis of a campaign to garner additional support. The initial focus of the "outreach" is typically focused on promoting project benefits to business-oriented organizations such as the Chamber of Commerce and economic development interests. Backers of recent big port development projects have set up and financed shell organizations posing as local grassroots organizations such as "boost SW Oregon". The current ill-timed marketing campaign is being characterized as a community outreach process but the failure to characterize the project in objective terms means that it could also readily be characterized as an extension of the boosterism/marketing campaign presented to business organizations.

6. Are there any barriers to participation for you or your community, such as transportation, time constraints, childcare, or language? Do you have any suggestions for overcoming these barriers?

The people who will be victimized by the further industrialization of this estuary and the denial of access to the public resources and services it provides don't have time to engage in the elaborate, protracted, time consuming, complex technocratic decision-making process.

Real input designed to guide decision-making by the port commission should come *before* any commitments have been made to a project.

The port commission is a public body sanctioned by the state government of Oregon. Oregon has been vested with public trust responsibilities guided by the public trust doctrine. Somehow it appears that in the quest for economic development, the port commission has seemed to have lost track of their obligations as managers of the public trust. The waterways belong to all people. Sadly, the sincere efforts of the port commission to foster economic development serves to divert their attention from the awesome responsibility the public has vested in them to protect the interests of all people from being compromised by the interest of a few.

It might be a good idea to change the way port commissioners are selected. Typically, special tax district commission leaders are selected by a vote of the members of the district. It might be worth taking a look at changing the law by discontinuing the practice of having the governor fill positions by an appointment process.

Do you have any final thoughts or concerns you'd like to share?

The port has already garnered over \$100 million to study the feasibility of expanding the lower 8 miles of the federal navigation channel and has spent over \$100 million of public funding to put band aids on the rail line between Coos Bay and Eugene. Most recently the port has been awarded federal funds totaling \$25 million to support yet more planning and permitting for the navigation channel expansion and \$29 million for railway work. To put these expenditures of public funding secured by the port in perspective the entire 2024-2025 budget for Coos County is \$29.6 million.

For further context, the PCIP project is the most recent rationale used by the port to substantiate expansion of this portion of the navigation channel. The "dredge it and they will come" efforts presently attributed to the PCIP follows on the heels of previous "grand slam" project concepts used by the port as a rationale to double size of the existing navigation channel in the lower bay.

1. The Oregon Gateway project" concept emerged in 2007 to develop a general-purpose cargo terminal on the north spit of the estuary. The Oregon legislature granted the port bonding authority in an amount of up to \$65 million for payment of the expenses of the Coos Bay channel expansion project. When that project concept failed to materialize,
2. The port courted global container shipping giant Maersk with the idea that Maersk would build a container terminal on the North Spit. That project concept also failed to materialize...
3. Between 2004 and 2021 the port led efforts to support dredging and filling the estuary to accommodate liquefied natural gas (LNG) terminal at Jordan Cove. The Jordan Cove Energy project (JCEP) was initially advanced by Canadian company Veresen as an import facility in

2004, but later transitioned it to an export proposal. In 2017 Canadian Company Pembina acquired the project and routed tens of millions of dollars through the port in support of studies linked to channel modifications. The project faced significant opposition from local communities and tribes before being ultimately cancelled in late 2021 due to legal challenges, unfavorable market conditions and community resistance.

4. In the wake of the failed JCEP, the PCIP proposal immediately became the primary focus of the port's effort to expand the federal navigation channel. In June 2023, lawmakers from both chambers of the Oregon legislature approved \$40 million for the Pacific Coast Intermodal Port (PCIP) Project. The appropriation represents the unexpended portion of the \$65 million lottery bond authorization approved by the Oregon legislature in 2007. In addition to the state funds and the funds previously provided by Veresen and Pembina, the port recently received a \$25 million federal grant to support additional planning and permitting expenses linked to the navigation channel component of the PCIP.

In the past two decades, the OICP has tapped virtually every significant state and federal special appropriation that has been directed to this community by Oregon's elected officials. Some in this community are tired of the port championing projects that expend massive public resources to chase project after project that fail to materialize and amount to nothing more than costly ventures chasing delusional mirages.

That is not to say that all the port's development efforts are for naught. The port does engage in rational brick-by-brick community development projects that actually provide tangible benefits to the taxpayers in the port district such as the shipyard, marina and RV park. Unfortunately, the scale of these beneficial projects has been small by comparison forcing these beneficial projects to live in the shadows of a continuous series of "shoot for the grandstands" ventures that have divided and sapped the capacity of this community for decades. The port's "grand slam" projects are based on a manifest destiny model forged in the 19th century which has changed little since the port's formation in the 1870's. The model is based on recruiting prospective, large out of community industrial interests then helping launch these business ventures using large infusions of public funding. Time and again the subsidized enterprises operate for a short time then evaporate.

This model has taken people and the institutions in this community through multiple destabilizing boom and bust cycles. First there was coal, then there was timber, copper ore, chromium and garnet. The typical lifespan of many of these port subsidized boom and bust industrial ventures is measured in years; a few have persisted for decades. Still others have been planned and promoted for decades never to ultimately materialize at all. Each planned but never realized venture has served to draw attention and capacity away from tangible alternatives having genuine community benefits.

In reality, the only port based economic activities that have persisted for time spans measured in centuries are seafood production and coastal ecosystem dependent activities like ship building and travel and tourism and a greatly reduced but sustainable level of forest product production. Unfortunately, the deep draft industrial projects pursued by the port leaders in the past 40 years have absorbed a tremendous amount of the limited intellectual and political capital available in this community. The approach used by the port to advance these projects is divisive and regularly splits the community into opposing camps largely because the process adopted by the port means

the only opportunity people have to weigh in on the project is during the permitting process after commitments have been made to the project proponents.

But perhaps more importantly than the flawed process used to garner public support for big industrial uses of the estuary, is the damage that the legacy of boom-and-bust earthworks has done to the sustainable economic activities that are dependent on a healthy ecosystem. The industrial development ventures that have come and gone through the past 150 years have left a legacy of dredged spoils and brownfields in their wake. In contrast to the years to decades lifespans that port development business ventures typically have, the hardened shorelines and earthworks associated with past industrial uses of the estuary and the deleterious impacts resulting from them will persist for centuries in the absence of active intervention to remove them. The accumulated legacy of fills and shoreline modifications left behind after big port dependent industrial ventures closed their doors and sent pink slips to the good people in this community have shrunk the productive capacity of the estuary to support unique coastal economic activities such as oyster mariculture and salmon fisheries. Without active intervention the historic productive capacity of this estuary sacrificed by these long forgotten ventures will persist for centuries to come.

Since the port of Coos Bay was first established, it has been unwavering in its efforts to lobby for state and federal resources to deepen and widen the navigation channel. The playbook has been the same for over a hundred years and the channel has been expanded over a dozen times. It saddens me to realize that the port is now proposing to double the cross-sectional area of all the previous 150 years of channel expansion projects.

The most recent navigation channel expansion project was undertaken in 1996. The port advocated deepening the channel from 35' to a depth of 40' depth while also increasing the width channel. Back then the US Army Corps of Engineers found specifications promoted by the port to be too costly because going deeper than 35' required costly blasting and removal of the bedrock at the bottom of the estuary. Apparently, none of the present-day port commissioners consider the additional cost of dredging bedrock from the bottom of the estuary a limiting factor. Even though the channel depth expansion from 35' to 37' was built on the hopes and promises that the expenditure of public funds would result in increased use of the port by a growing number of even larger vessels, the reality was that even though the channel was expanded, fewer ships call on the port than before. Now the port is advocating for a channel depth of 45' which will involve even greater quantities of bedrock removal than when the port advocated for a 40' depth in the 1990's. While it is physically possible to rip the bottom of the estuary to the depth and width specifications presently promoted by the port, the ecological and fiscal costs associated with doing so to accommodate a single out of town high risk business proposition borders on absurdity.

The PCIP is the grandest single "swing for the grandstands" project in the history of this port district. Implementing this proposal will cut the town of Reedsport in half and building a greenfield terminal on the north spit will deny public access to a portion of the estuary shoreline that has been available to everyone since humans first encountered this unique and productive ecosystem. Dredging the channel and hardening yet another segment of the remaining natural shoreline will submerge a portion of the estuary used by seals as a pupping area and an area frequented by killer whales that come into the bay to feed on the seals. It will permanently damage a substantial portion of the vestigial eelgrass beds that have persisted in the wake of the prior century and a half

of dredging and filling that took place to support now long forgotten business ventures that not only no longer contribute to the economy but continue to compromise ongoing economic activities that were supported by those habitats before they were destroyed. It will transform and eliminate the vestigial portion of the estuary that continues to support recreational activities such as OHV riding, clamming, crabbing and salmon fishing.

There are numerous opportunities for the port to move away from the 19th century “manifest destiny” model that is based on the false premise that the depth of the estuary is the limiting factor blocking the path to economic prosperity for this community. The port has an opportunity to become a leading institution in this state by shifting its focus away from the “build it and they will come” model of economic development that it has employed since it was established. There are opportunities to apply the statutory guidelines of the port in ways having far greater positive, longer lasting impacts on this community. I have repeatedly attempted to engage the port commission as a group and as individuals in a rational conversation about new roles for the port to address pressing issues such as climate change, sea level rise, and disaster preparedness. Unfortunately, my efforts to engage with port staff and commission members have largely been rebuffed.

7. Would you like to stay informed about the project as it progresses? If so, how can we best keep you and others updated and involved? Would you like to be added to our mailing list for email updates?

It is sad to experience the demise of our local media outlets. We now are reliant on other sources of information.

In the absence of other means to provide information to the community the City of Coos Bay has adopted the practice of producing a series of “Friday updates” on social media. While this is not a complete substitute for the perspectives offered by an independent media source, it has been a helpful way to keep in touch with the activities and accomplishments of the city government. The Port might consider a similar outreach model.

But I find absolutely no value in being barraged with one sided PR campaigns spouting sanitized storytelling focused on job creation and community benefits. This is the time worn model used by the port. That model is broken and should be discontinued because it is ineffective and divisive.

Working through intermediary contractors tasked with community engagement is a welcome development but is an inadequate substitute for forums that provide for a meaningful direct dialogue with the commissioners tasked with safeguarding the public trust and obligating the tax dollars I contribute to this special district.

Public testimony of Micheal Graybill

Presented to the members of the Oregon International Port of Coos Bay

October 2024 regular commission meeting

Good morning. My name is Mike Graybill. Thank you for providing me with an opportunity to speak with you.

I would like to welcome and congratulate the newly appointed members of the commission. Congratulations commissioners Hamner and Roblan.

I am here today to request a written response to a question related to the proposal to develop a container terminal on the shoreline of the North Spit. My question is as follows.

What criteria will the commission use to determine weather or not to pursue development of the PCIP and at what stage in the exploration of this concept will the commission determine if the project is a viable option worthy of the public resources necessary to move it forward?

The full scope of the PCIP has yet to be made available for public review. The information that is publicly available. Indicates that the proposal will involve an unprecedented commitment of public resources; and by that, I mean unprecedented financial resources and human and natural capital. Even with the incomplete publicly available project details it is evident that the PCIP will have foreseeable and unforeseen risks to the local economy and ecology. But this project also involves a practice that has an impact on the global climate system upon which we all depend.

So here we are, or more importantly here you are, appointed to represent the taxpayers of a special district on the southern Oregon coast; faced with a decision of unprecedented scope and consequence. There is no doubt that the PCIP concept is tempting, and it has undeniable political appeal. But sometimes ideas like this take on a life of their own.

The idea of developing the estuary to serve a container terminal resurfaced immediately after the idea of developing it for an LNG export facility ended. I say resurfaced because I hope you are all aware that in 2006 and 2007 this commission worked to recruit Danish shipping giant Maersk to establish a container terminal in the Coos Estuary. After two years of study, Maersk chose to go elsewhere.

It is my hope that as my representative on this commission that you ask the staff to provide you and the members of this community with a detailed history of the origins and development of the PCIP concept. That way you will be able to explain whose idea this was in the first place as you move forward to make a decision on behalf of the taxpayers you have been appointed to represent.

When the container terminal development concept resurfaced port staff were directed to flesh out a plan to show how this might be possible. That plan now exists as the PCIP project and more and more staff and financial resources ae being directed to fleshing out the idea.

It is your task to take a hard look at the staff's plan and determine

- 1. Is the plan in fact feasible?**
- 2. Is going forward with the idea in the best interests of the taxpayers of the special district that you have been appointed to represent?**

The staff and others supportive of the idea are understandably focused on the positive aspect of the idea. But the possible benefits of this idea will only be realized if the full scope and scale of the project concept are realized. Unfortunately, there are plenty of examples of good sounding ideas where large investments of public resources have been made that never delivered the hoped for outcomes.

It is for these reasons that I ask you to identify the criteria that you will use to determine whether or not to go forward with this plan and when in the development of the project concept you will apply these criteria.

Thank you for allowing me to appear before you.

Public Testimony of Michael Graybill
Given at the regular meeting of
The Oregon International Port of Coos Bay Commission
19 December 2023

Resubmitted at the 21 November 2024 regular meeting

In May of 2023 Port staff requested a \$40,000,000 lottery bond allocation from the Oregon legislature to support the Coos Bay Federal navigation channel modification project. This request was to clear a path to expend the unexpended port of a \$60 million bond obligation in support of the navigation project authorized by the legislature 2007.

The Port's 2023 request was explicitly tied to the need to modify the navigation channel to accommodate the proposed Pacific Connector intermodal container terminal on the North Spit. The port's request letter (attached) also explicitly states "We respectfully request a final \$40 million investment, which will serve as matching funds to support Federal investment for this project".

In response to the Port's request, in June 2023, the Oregon Legislature passed HB 5030.
(<https://olis.oregonlegislature.gov/liz/2023R1/Downloads/MeasureDocument/HB5030>)

Sections 44-46 of HB 5030 directs the Oregon Business Department to deposit \$20 million of state lottery bond proceeds from the 2023-2025 biennial budget and \$20 million of lottery bond proceeds from the 2025-2027 biennial budget in the Coos Bay Channel Fund, "For distribution to the Oregon International Port of Coos Bay to deepen and widen the Coos Bay Federal Navigation Channel". Further HB 5030 carries approximately \$15 million of unexpended funds allocated in 2007 forward into the 2023-2025 biennium for the purpose of continuing environmental studies tied to the navigation channel expansion.

The state bond funds were appropriated to the Port to serve as a nonfederal match commitment for a federal mega grant tied to the proposed container terminal. With the recent news that the port's proposal was not selected to receive federal funds, there no longer appears to be a need to use the \$55 million appropriation as match for the federal grant submitted in support of the container terminal project.

SECTION 43 of HB 5030 states

"(1) Prior to requesting the issuance of lottery bonds pursuant to this 2023 Act, the Oregon Department of Administrative Services shall review each authorized use of lottery bond proceeds and determine whether the recipient is ready to expend the proceeds for the authorized use.

(2) If the department determines that a recipient is not ready to expend the proceeds for an authorized use, the State Treasurer may not issue lottery bonds under this 2023 Act for the authorized use."

My question to the port commission is:

In the absence of a demonstrated need to use the \$55 million of state fund appropriations as a nonfederal cost share match for the federal mega grant program, How does the port intend to use the state funds appropriated for this purpose?

My request to the Port Commission is:

Back in March the port indicated that more than 90% of the environmental, engineering and design studies related to the navigation channel expansion project funded by the 2007 \$20 million lottery fund appropriation have been completed. These include but are not limited to geotechnical studies, ship simulations, eelgrass inventories and hydrodynamic side slope equilibration studies. I formally request that studies commissioned by the port related to the federal navigation channel expansion be released for public review.

Port Commission
Oregon International Port of Coos Bay
125 Central Ave.
Coos Bay, OR 97420

Dear Commissioners,

November 19, 2024

Please consider focusing on the attributes of our estuary other than shipping. I believe, as do many in the area, that taking a more holistic, science-based approach to what values this estuary provides will add to more sustainable jobs, livability, and resilience to our community. It did so for millennia before this area was settled by Europeans.

The Coos estuary's richness of resources sustained indigenous humans for thousands of years. In less than a hundred years, the land use and landscape has changed dramatically from the mid 1800s. At the time of European settlement to a few decades ago, we thought old-growth timber and salmon stocks were inexhaustible. That didn't work out. Through lessons learned, or not, we are seeing the exhaustion of a list of functional elements of the estuary and its subsystems. The following attributes are known ecological services, most of which have been largely overlooked or been recognized in the last several decades from studies.

- Fish/shellfish habitat – rearing sites and nurseries*
- Sediment trapping/nutrient storage
- Carbon sequestration (blue carbon)
- Filtering capacity
- Flood protection
- Migrating wildlife feeding stops

**It would be in later decades, and as the result of scientific research conducted by Oregon Institute of Marine Biology (permanently established 1966) and South Slough National Research Reserve (permanently established 1974) and others, that variable ocean conditions and migration patterns; as well as estuary water quality and loss of habitats were also contributors to the health and abundance of all Coos Bay and Pacific coast fisheries, including salmon.*

At least 85% of our tidal areas in the Coos Estuary are gone, through diking, draining, and filling. This reflects what has happened all along the west coast (Brophy, et.al. 2019).

Most of the commercially important estuarine species spend some portion of their life cycle in the estuary, especially tidal marshes and eelgrass beds. Adding back these nurseries would add to our food base and help a more stable fishing community and recreation base.

Former tidal marshes, diked away from the estuary, turned into pastures is adding to greenhouse gases by releasing methane and carbon dioxide. Restoring these marshes reverses this process, capturing large quantities of carbon, as much as or more than forested lands.

The channelization of the Coos and Millicoma plus sea level rise in our climate changing world has exacerbated the delivery of sediment to the bay. Opening up former tidelands where appropriate is a wise move and a recent study shows that more restoration could actually reduce the sediment load

into the shipping channels and reduce dredging needs (Sutherland, 2020, *Improved Understanding of Sediment Dynamics for the Coos Estuary*) Recently, this article points out the vulnerability to storm surge for deep-dredged ports (<https://theconversation.com/coastal-cities-have-a-hidden-vulnerability-to-storm-surge-and-tidal-flooding-entirely-caused-by-humans-231374>)

This is another case in this point of reversal of coastal development that actually served to support grazing as well as fish, “Stear Marshes was once arable farmland and it continues to be farmed with livestock by local graziers who are able to market saltmarsh lamb and beef for a premium because its flavour is valued by food lovers.” <https://www.wwt.org.uk/wetland-centres/stear-marshes/about>

We need to be restoring those parcels of land connected to the estuary that can be returned to performing the above list other than just transportation and shipping.

Reversing the damage done to estuaries with restoration benefits all and money from the government to encourage or require this as part of a port’s mission is money well spent.

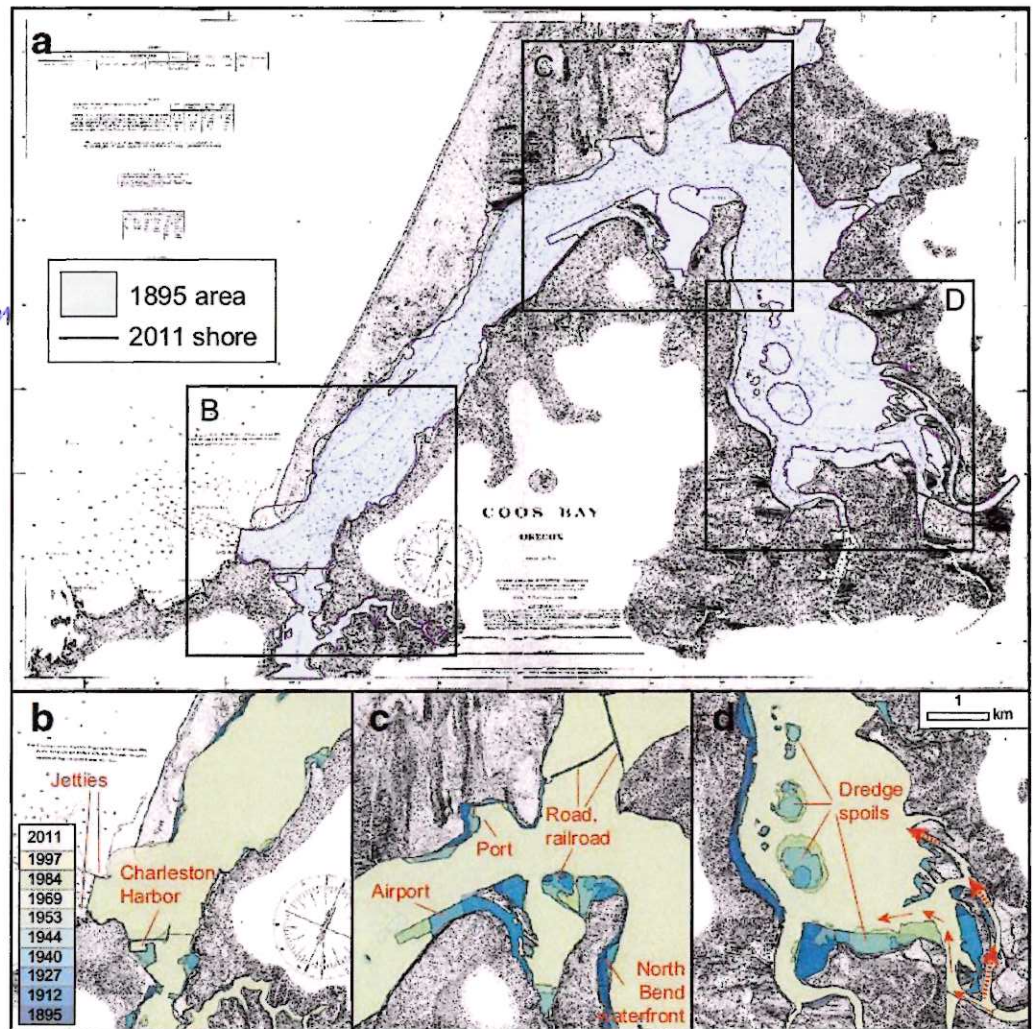
Jamie Fereday

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FALSE HOPES FOR A COOS BAY CONTAINER PORT: A REBUTTAL

By Steve Miller, Jamie Fereday, and Beverly Segner:

A threat looms over the Coos Bay estuary. This threat could damage fisheries, put public safety at risk, distort the local economy, and reduce the estuary's capacity for storing carbon and thus helping to mitigate climate change.

The threat is the scheme to build the so-called "Pacific Coast Intermodal Port (PCIP)," a container port to be located on Coos Bay's North Spit, which would require massive dredging of the estuary and other destructive alterations of the bay's habitats.

The passage of House Bill 3382 popularly known as the Port Exemption Bill during the past session of the legislature was crafted to clear a path for this threat. The bill provides a work around mechanism for local governments to exempt the port from provisions of the estuary management plan designed to protect important habitat by allowing deep dredging of natural productive habitats in the estuary for giant container ship.

There are some important things wrong with the narrative being promoted by the PCIP scheme's backers. First, the container port, if built, would almost certainly not produce the claimed benefits, to either the environment or the community. Second, dredging and construction of the port would have catastrophic consequences for the estuary, destroying irreplaceable resources. And third, an outsized industrial facility like the PCIP isn't the kind of sustainable development Coos County needs in order to prosper.

Let's begin with what would be lost. To accommodate modern container ships, including the required freeboard at low tide, the bay bottom would have to be dredged for 8.2 miles to a depth of at least 45 feet. (In reality, if the container port is to have any chance to attract ever-larger container vessels, the dredging will almost certainly have to be deeper.) This would essentially stripmine the entire lower estuary, plowing through the bay's largest eelgrass meadow, which supports salmon, rockfish, Dungeness crab, and herring, species on which the local fishing industry depends. It would destroy clam and other shellfish habitat, and saltmarsh. Dredging to this degree would completely alter the bay's hydrology, pushing tides and storm surges further inland, and removing natural infrastructure that acts as a key buffer against sea level rise and flooding. Dredging the channel would greatly reduce the capacity of the estuary to bury ("sequester") carbon, and instead release carbon stored in the bay-bottom sediment, undermining the estuary's role in abating climate change.

Port proponents like to say that the environmental impact will be "mitigated." This is simply false. There is no way to replace this critical, lower-estuary, bay-bottom habitat. Destruction of the estuary's ecology would be a dead loss.

What are the ostensible benefits of this enormous project? Proponents claim that there is high demand for such a port, that it will be an "eco-port" saving fossil fuel emissions, and that "thousands of jobs" (with wildly different estimates, from 2,500 to 8,000) will be created. There is an extremely high probability that this pipe dream will never be realized.

The pandemic-era backlogs at ports have subsided, which calls into question the demand for a new port, let alone one remotely located. Intermodal container handling volumes have steeply

declined. Post-pandemic industry forecasts have increasingly converged on volume stagnation, higher costs, and lower profits. In the first half of 2023, North American container volumes experienced a steep, 12% year-on-year decline and terminal utilization now stands at 72%. Few if any container operators will be interested in adding new capacity.

As to the "eco-port" claim, it is greenwashing at its worst, particularly considering the environmental toll of building the port on sensitive estuarine habitat. Specific plans for this "eco-port" have yet to be released to the public, yet the port is prepared to dredge anyhow. We are expected to take on faith that the port will be "environmentally friendly." Other West Coast ports are making major publicly supported green energy

investments and efficiency improvements that will also greatly expand U.S. capacity beyond the present level. Nothing about the port's claimed "green" status, even if these promises are fulfilled, appears to be unique.

The top 10 American container terminals have two or more Class 1 rail lines available at the docks of their container terminals ready to transport containers to market. The Coos Bay container port would involve a slow, roughly 110-mile run to Eugene to connect with Union Pacific Class 1 service. The existing rail line would require a massively expensive upgrade in order to handle container traffic. In short, Coos Bay is not at all well-situated for a successful container port.

What is the dire economic emergency that port backers cite as the reason for reaming out the estuary and harming existing local industries such as fishing, tourism, and recreation? It is a concoction of nostalgia and exaggeration.

The Port of Coos Bay boomed generations ago through the export of raw, old-growth logs. The claims for the PCIP are really a reactionary yearning for those boom times. They won't come again—there are no more vast, old-growth forests to cut down and ship out.

And yet, while Coos Bay/North Bend, like any other community, could use economic development and improvement, conditions aren't nearly as dire as the port supporters contend. They regularly make the statement that the local unemployment rate is 7.8%, a figure from the depths of the pandemic; the current rate is really an adjusted 4.4%, a bit higher than the state's overall figure, but still a historic low. There are at present about 1,200 unemployed people in Coos County, which begs the question, who would take those "thousands of jobs"?

Coos Bay/North Bend does have a pressing development need. It isn't a huge, noisy port that guts the estuary and spills thousands of construction workers onto its streets. What the community really needs is affordable housing. This is a highly desirable place to live. The community could grow organically with people who really wanted to live there: teachers, nurses, craftspeople, remote workers, retirees. Such residents could contribute to a thriving community relating sustainably to its natural surroundings. Thousands of construction and port workers thrust upon the area and sending housing costs through the roof is the last thing needed.

The Coos Bay area needs thoughtful, sustainable economic development that works in concert with its treasured natural resources: improvement of facilities for the fishing port at Charleston; job-generating habitat restoration work; promotion of recreational and eco-tourism opportunities; community infrastructure upgrades that would build climate resilience; and more.

The Coos Bay/North Bend community can thrive while preserving and enhancing its estuarine resources. The PCIP, if ever built, would damage the community and reduce its resilience and livability. We are confident that if the questions surrounding the PCIP proposal are honestly answered, it will be obvious that there are far better futures for the Coos Bay estuary and its neighboring communities.

Steve Miller

Jamie Fereday

Beverly Segner

Steve Miller, Jamie Fereday, and Beverly Segner are Coos Bay residents active in the community. Steve Miller, a long-time business owner in the Coos Bay community, is an active member of the League of Women Voters of Coos County. Jamie Fereday, currently a member of the Oregon Ocean Policy Advisory Council, is a retired middle school science teacher who used the Coos Bay estuary as part of his curriculum. Beverly Segner is a licensed clinical social worker, a professor emeritus of Human Services at Southwestern Oregon Community College, and active in many community organizations. All are residents of Coos Bay.

Submitted to the Port of Coos Bay's Commission meeting November 21, 2024 by Jan Hodder
jhodder@uoregon.edu

This morning I was interviewed by the JAL group. In preparation for that meeting I reviewed the new PCIP web site. Frankly, I was shocked to see how poorly it is representing this project.

It asks the question – **“Why build a new gateway to inland U.S.A?”** and has three answers:

1. **The first - Asia-US shipping volumes are increasing.**

The one piece of information provided for this answer is the 2022 United Nations Review of Maritime Transport. This reports on what happened during the pandemic, when we know that the shipping industry was impacted in unprecedented ways due to multiple factors. There is a more recent 2024 United Nations Review of Maritime Transport that should be the source of information. It is crucial that you use information that is current, not dated, to help you understand this very volatile industry.

2. The second answer is, **“Routes to inland destinations are congested”**.

The one piece of information provided for this answer is a ten month old article from *The Economist* that you cannot read unless you have an account with that publication, or you are willing to register for a free read. The title, *“The dwindling of the Panama Canal boosts rival trade routes”* may sound supportive of the PCIP, but if you actually read the article, it is all about how Central and Southern America are considering cross continent rail routes; the increase in nearshoring that is making Mexico a more attractive route for Chinese shippers; and how an ice-free northwest passage will alter shipping routes.

3. The third answer is that, **“Agricultural products need to reach their market”**

I could not agree more, but the article you use to support this statement is from a Farm Progress web site posted in APRIL 2023. The article focuses on the lack of a labor contract for the International Longshore Workers Union, and the resulting strike at the Ports of Los Angeles and Long Beach, that disrupted supply chains. This was in 2023 and is longer an issue. You might remember that Hanjin shipping pulled out of the Port of Portland in 2015 due to a similar labor dispute. In fact both the California ports are thriving. In July of this year the Port of Long Beach broke ground on a on-dock rail support facility, a \$1.5 billion project that will double the existing rail yard's footprint, double the daily train departures to 17, and will bring the port closer to its zero-emissions target. Likewise the Port of Los Angeles just completed construction of a major rail expansion project.

If I had given the assignment to answer the question of, why build a new gateway to inland U.S.A? to my undergraduate students, and they had only included these three sources of information, they would not have been pleased with their grade.

As many of you know I have been following the container shipping industry ever since you announced the potential for a terminal in Coos Bay, and some of you have been recipients of a digest that I send out that summarizes several sites that cover this industry. It is imperative that you, the port commissioners, use current information about this very volatile industry as you are making decisions about our future. You represent the tax payers of this district who also need accurate information about what you are planning. Your PCIP web site is currently not the place to get that information.

Summary of Comments Provided to JLA Contractors meeting with Coos County League of Women Voter November 21, 2024:

Comments by Christine Moffitt, PhD

The LWV Coos County has conducted studies of the Port of Coos Bay since the early 1960s in approximately 20-year intervals. We completed our most recent study and adopted a revised Position and Goals in May of 2023. Those of us on the study team have continued to attend Commission Meetings and follow the Port operations. Our Port Study documents are available on our LWV web <https://my.lwv.org/oregon/coos-county/international-port-coos-bay-study> and our summary Position Statement adopted is bulleted here in this handout attached. Given our studies and continued interactions, we articulate the following concerns regarding the proposed PCIP project.

Lack of transparency and no mechanism for taxpayer input

In our study, we highlight the decision in 1987 that changed the Port from a district under locally elected commissions to one that is governed statewide with the 5 Commissioners appointed by the Governor. At the time of that landmark decision, the Port leadership promoted new industrial developments on the North Spit, taking advantage of the Port of Coos Bay being the grantee for Foreign Trade Zone No. 132, one of only two designated FTZs in the State of Oregon; the other is No. 45 in Portland. These items, and the fact that local control over the Port leadership was moved to the state governor resulted in significant reductions of opportunities for local taxpayer input about projects and created conflicts between residents and Port project ideas.

Little opportunity for regular input except by the Charleston Advisory Committee

Our input to Port leadership and staff is mostly limited to the opportunities for public comment at the beginning of monthly Port Commission meetings. At these events, little dialog is available, and often questions posed are not answered. The only community advisory board that exists is the Charleston Advisory Committee that meets regularly and has minutes recorded and posted from its meetings.

Out of date Strategic Plan

The 2015 Strategic Business Plan is out of date. The commissioners listed on that plan are no longer with the institution. The Chief Executive officer is no longer with the Port. The Oregon Gateway project is listed for the North Spit as a multipurpose, multimodal Cargo Terminal dependent on the construction and laydown for the Jordan Cove project.

Recent testimony at Port Commission meetings by citizens has urged the Port to develop a carefully crafted strategic planning initiative with trained staff consultants. We have not seen any progress.

Port history of developing and launching projects with no public input, not enough information or understanding before launching, and then driven by staff through networks to elected and former elected officials.

Recently notable conflicts between Port's development ideas and the community are shown by the Jordan Cove energy project that began in 2007 as import concept and then morphed to an export facility that was pursued for more than a decade. Many in the community and region were concerned about this development and the development's partner was faced with significant headwinds in obtaining necessary permits for the project given the existing estuary management plan designation and land use permitting process. With this lesson in mind, the Port was able to garner support outside of the community for a road through these regulations with HB 3382 that provided an opportunity for the Port to request an exception to existing zone designations. We have evidence that our Port commissioners learned about HB3842 after it was already a piece of submitted legislation, observed when we offered public comment opportunities at Port Commission meetings during this process.

The history of providing sanitized and inaccurate promotional information to the public after the project is well underway.

Economic development is more than jobs. Community and regional developments require a clear understanding of the community, its assets, and constraints. A boom-and-bust model with large scale industry does not provide sustainable diverse sector opportunities. An example of lost economic development throughout the development of this Container Project, is that almost all of the funds expended for planning, surveys and plans (\$100's millions to date) have gone to out of the area contractors, including the consultants conducting these surveys today.

2023 International Port of Coos Bay Study Updates Position Statement
Coos County LWV Study 2023

In the conduct of business, the Oregon International Port of Coos Bay Commission and staff should:

- 1. Be a leader in cooperation among governmental jurisdictions.**
- 2. Accurately assess and plan for future needs.**
- 3. Rigorously examine the financial solvency of Port users seeking public funding.**
- 4. Put overall public interests ahead of special interests and be transparent in all aspects of decision making.**
- 5. Be deliberate in the development of an adequate budget and in the practice of sound business.**
- 6. Employ adequately trained staff to accomplish all mandated responsibilities.**
- 7. Develop an adequate process through which commissioners and staff receive and are responsive to input and assistance from the public such as via Port advisory committees. Make maximum use of technical knowledge, planning and implementation expertise.**
- 8. Use the mandated powers to their maximum in order to bring economic and environmental benefit to the district. Encourage and support uses of Port assets that increase the total disposable income to the community without compromising existing elements of the local economy.**
- 9. In planning and decision-making processes, use current scientific research and best practices.**
- 10. Incorporate climate change, seismic risks, and other natural hazard risk analysis adaptation and mitigation into all planning.**

Good morning commissioners,

I appreciate the time to make a public comment.

My name is Karie Silva, co-owner of the fishing vessel Jeanette Marrie for 31 years, operating out of Charleston.

I wanted to share the enthusiasm I and the fleet have about the prospective new owner of Giddings Shipyard. Whit is poised to be a valuable asset to the industry, bringing his expertise in business management and making crucial improvements to the shipyard to accommodate the rising demand for vessels from up and down the coast, resulting from the shutdowns of other shipyards. He will make sure that the fleet has a suitable and functional shipyard to address all their maintenance needs and perhaps the extension of a vessel or to build a new vessel.

During a tour, I had the opportunity to hear his future plans for enhancing and expanding the shipyard, when Congresswoman Val Hoyle sent her aide, Olivia Wilhite, to observe and provide feedback. Whit was very enthusiastic and spent time to inform Miss Wilhite about his plans. He took the opportunity to create sketches of the rails and other essential repairs for the shipyard for Miss Wilhite to understand his vision.

He aims to create an updated, thriving, and productive shipyard. Giddings Shipyard plays a crucial role for both local and out-of-state fleets. They voyage to the Charleston shipyard for the maintenance and repairs of their vessels. If a successful transition from Ray Cox to Whit does not occur. In my view, both the industry and the port are the ones that stand to lose.

Next, Regarding a location for gear switching.

I wish to highlight the importance of establishing a specific area for gear switching within the fleet. A site where they can utilize a crane to remove their gear from their vessels and subsequently load the equipment for the next fishery back onto their vessels. The location is currently tied up because Jerry Hample is unwilling to move his vessels, preventing the crab fleet from preparing their vessels in time for the season. A bottleneck has emerged, creating a sense of urgency within the fleet to get back to the shipyard and ensure readiness for the upcoming Dungeness crab season It begins on December 1st, provided everything aligns perfectly.

Once a designated gear switching dock is established, providing a scheduling number could help the fleet minimize hassles and bottlenecks, ensuring their gear is switched in time for the upcoming fishery.

I appreciate your time.

Karie