

July 2015



OREGON INTERNATIONAL
PORT OF COOS BAY

VOLUME 1
SUMMARY



*Thanks to the Port of Coos Bay,
its stakeholders, and community
partners for sharing their time
and insight in the development
of this Strategic Business Plan.*



Acknowledgements

This strategic business plan was developed by the Oregon International Port of Coos Bay with assistance from Business Oregon. For more information about the Port of Coos Bay, visit: portofcoosbay.com

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Please see also, Volume 2 – Plan

July 2015

PORT OF COOS BAY STRATEGIC BUSINESS PLAN

1.0 INTRODUCTION

The Port of Coos Bay Strategic Business Plan was developed to articulate the planning, facility, and capital improvement needs of the Oregon International Port of Coos Bay (Port) over a 20-year planning horizon. The plan complies with the strategic business plan requirements of Business Oregon and is designed to be a flexible document that guides the Port Commission in setting priorities and policies. The plan is presented in two volumes:

Volume 1 – Strategy: an executive summary of findings and implementation actions.

Volume 2 – Plan: background material, plan elements and appendices to meet the Strategic Business Plan requirements of Business Oregon.

2.0 VISION, MISSION, AND STRATEGIC PLANNING GUIDING PRINCIPLES

The Port updated its vision, mission, and guiding principles as part of the strategic planning process. The 2015 vision, mission, and principles are listed below.

Vision

The Coos Bay harbor is experiencing the renewal of maritime commerce driven by Port of Coos Bay managed public investments in navigation system improvements and freight rail infrastructure benefitting Coos Bay Rail Link. Long-term planning and improvements for the Port's Charleston facilities drive both private-sector and public agency investments in the seafood industry, recreational tourism, research and education. Oregon's bay area is prospering from a diversified regional economy and new employment opportunities.

Mission

Promoting sustainable development that enhances the economy of southwest Oregon and the State.

2012 Strategic Planning Guiding Principles

- *Invest in marine and rail infrastructure to strengthen the regional multimodal transportation system.*
- *Develop appropriate industrial and marine industrial properties around the Coos Bay harbor to diversify marine and rail commodity movements.*
- *Expand commercial fishing and recreational tourism facilities in the village of Charleston.*
- *Collaborate with the private and public sectors to maximize the functionality of the Port's core business lines.*
- *Promote responsible environmental stewardship by integrating environmental considerations into all strategic planning and business decision-making.*

3.0 CAPITAL IMPROVEMENT PLAN

The Port’s capital improvement plan identifies the highest-priority capital improvement projects to facilitate economic development opportunities and the continued success of Port operations and facilities. Table S1 lists each project, a planning level cost estimate, timeline or status for project completion, and the associated business line. These capital improvement projects do not represent all projects being pursued by the Port, but instead, the highest priority projects across all Port business lines. Figure S1 identifies Charleston boatyard improvements and additional project opportunities are identified in Volume 2 – Plan, section 6.2.

Table S1. Five-Year Capital Improvement Plan

	Capital Improvements	2015 Cost Estimate	Timeline/Status	Business Line
CBR Bridge, Tunnel, and Track Rehabilitation/Improvements	<ul style="list-style-type: none"> • Swing-span and other bridge rehabilitation. • Track improvements. 	\$12.5 million	<ul style="list-style-type: none"> • Lottery Bonds Grant agreement for \$10 million in 2015 to 2016 – allocated in 2013. <ul style="list-style-type: none"> – Planned for rehabilitation of swing-span bridges and other bridge structures – Some funds may be used for track improvements • \$2.5 million in 2015/2016 <ul style="list-style-type: none"> – \$2 million is part of ConnectOregon V – \$500,000 is from IFA as required match 	CBR
CBR Access Improvements	Industrial rail spurs in Millington Industrial Area and additional rail infrastructure on the North Spit. Additional industrial sites along the rail corridor not included in the CIP are described in Appendix D.	\$6 million	Planned in 12 to 18 months	CBR
Charleston Dock Improvements	<ul style="list-style-type: none"> • Replacement of the T’s at B, C, D, F docks. • Ice dock improvements, including condenser replacement. • Creosote piling removal. 	<ul style="list-style-type: none"> • \$6.03 million for dock replacements • \$500,000 for commercial dock upgrades (assumes 10K SF) • \$60,000 - Ice dock condenser • \$10,000 - Ice dock roofing replacement • \$425,000 - Creosote piling removal and steel pile replacement (assume 50 piles) 	Planned for FY 2016/2017	Charleston

	Capital Improvements	2015 Cost Estimate	Timeline/Status	Business Line
Charleston Marina RV Park and Building Improvements	Small building improvements (not the recreation building), including new roof and other improvements. Ongoing RV park improvements, including security upgrades.	\$250,000	Planned for 2nd quarter 2015	Charleston
Boatyard Travel Lift	New travel lift to serve local/ regional fleet. Travel lift size 110 ton.	\$600,000 (Additional costs for support pier upgrades)	<ul style="list-style-type: none"> Planned for 2nd quarter 2015 with upgrades to pier Based on loan from IFA 	Charleston
Boatyard Travel Lift Slip Improvements	Widen and deepen the travel lift slip to allow the full use of the new lift.	\$600,000	Planned for 2017	Charleston
Boatyard Marine Ways Repair/ Replacement	Assume pile-supported ways; rail replacement; miscellaneous upland improvements	Replacement: \$2 million Repair: \$250,000	Planned for 2018 to 2020	Charleston
Boatyard Work Dock Improvements	Assume 2,250-SF pile supported dock demolition/ replacement	\$800,000	Planned in 3 to 5 years	Charleston
Dredging – Charleston Marina and Boatyard	Annual maintenance dredging of the Charleston Marina and Boatyard	\$7.20 per cubic yard of dredge material (shared cost between Port and the State)	<ul style="list-style-type: none"> Ongoing/annual maintenance Work will occur in conjunction with South Coast Ports Coalition dredging 	Charleston
Oregon Gateway^a	North Spit Multipurpose/ Multimodal Cargo Terminal.	Basic multimodal marine facility: \$80-\$100 million Bulk facility: \$200-\$350 million Intermodal container facility: \$400-\$700 million	<ul style="list-style-type: none"> Timing of multipurpose/ multimodal cargo terminal depends on Jordan Cove: this site will be used for construction laydown for Jordan Cove project 	North Spit

	Capital Improvements	2015 Cost Estimate	Timeline/Status	Business Line
Bulk Commodities	Develop sites for bulk commodities. Potential sites include Roseburg, South Port, and between DB Western. Finding enough acreage is a challenge.	Bulk facility: \$200 to \$350 million	Phased approach including: <ul style="list-style-type: none"> • Phase 1: Due diligence and planning • Phase 2: Preliminary design and engineering • Phase 3: Design development and final engineering • Phase 4: Construction engineering 	North Spit
Channel Deepening^b	Modifications to the federal navigation project at Coos Bay, Oregon include both widening and deepening. Project alternatives being evaluated range from no structural modifications to widening to a nominal 450' width and 45' depth.	Up to \$500 million	Ongoing economic and environmental impact analysis. Initiation of construction anticipated for 4th quarter 2018.	Navigation
Total		Approx. \$800 million to \$1.5 billion^c		

^a Oregon Gateway is a broad term that covers a variety of cargo terminal proposals on the North Spit of lower Coos Bay.

^b Technically this project is not a capital improvement project because the Coos Bay navigation channel is federal infrastructure. However, because of the size, nature and importance of the project it is listed here.

^cCost does not include dredging costs of \$7.20 per cubic yard of dredged material.

Note: Cost estimates do not include design engineering, construction management, inspections, permitting, or mitigation.

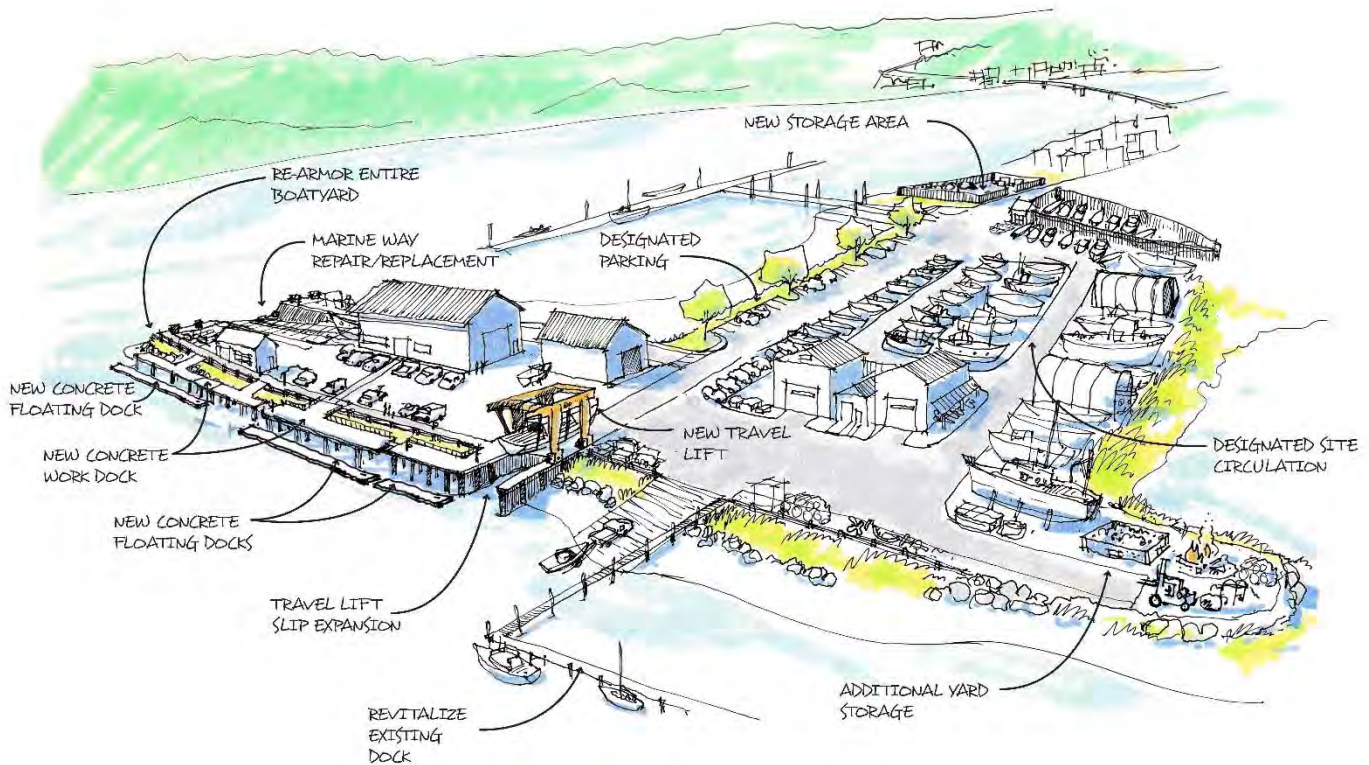


Figure S1 – Boatyard Improvements

4.0 ACTION PLAN

The Port’s strategic business plan is designed to be a working document and will require ongoing review and updates to successfully complete the planned capital, marketing, and maintenance projects. Table S2 sets out an action plan for the Port’s identified high-priority projects. This action plan should be reviewed annually in conjunction with the Port’s budget development process, and may be updated as needed.

Table S2. Action Plan

Project	Timeline	Potential Funding Sources	Action Plan	Business Line
CBR Bridge, Tunnel and Track Structure Rehabilitation <ul style="list-style-type: none"> Swing-span and other bridge rehabilitation. Track improvements. 	2015 - 2016	<ul style="list-style-type: none"> Lottery Bonds Grant agreement for \$10 million in 2015 to 2016 - allocated in 2013. Planned for rehabilitation of swing-span bridges and other bridge structures Some funds may be used for track improvements \$2.5 million in 2015/2016 \$2 million is part of ConnectOregon V \$500,000 is from IFA as required match 	<ul style="list-style-type: none"> Continue to identify funding sources and pursue loan/grant funding for ongoing rehabilitation and improvements. Continue to pursue opportunities to partner with Lane and Douglas counties on grant opportunities. Continue to enhance service in pursuit of 1 to 2 unit trains per day. 	CBR

Project	Timeline	Potential Funding Sources	Action Plan	Business Line
CBR Access Improvements Industrial rail spurs in Millington Industrial Area and additional rail infrastructure on the North Spit.	2015 - 2016	IFA loan/grant Transportation funds such as ConnectOregon and TIGER grants	<ul style="list-style-type: none"> Continue to identify potential industrial users. Continue to pursue funding sources Seek to leverage funding with private investment and job creation. 	CBR
Charleston Dock Improvements <ul style="list-style-type: none"> Replace the "T's" at B, C, D, F docks. Upgrade commercial fishing dock. Make ice dock improvements, including condenser replacement. Remove creosote pilings. 	2015 - 2016	OMB, IFA, or EDA loan/grant	<ul style="list-style-type: none"> Identify funding sources and/or grant opportunities. Identify required permits. Obtain cost estimates for engineering and permitting as needed. 	Charleston
Charleston Marina and Building Improvements <ul style="list-style-type: none"> Small building improvements (not the recreation building), including new roof and other improvements. Ongoing RV park improvements, including security upgrades. 	Mid - 2015	IFA loan/potential public private partnership from The OMB, IFA, CDBG, and EDA.	<ul style="list-style-type: none"> Pursue funding and/or grant opportunities. Identify required permits. 	Charleston
Boatyard Travel Lift New travel lift to serve local/regional fleet. Travel lift size, 110 tons.	Mid - 2015	Based on loan from IFA	Port has identified a 110-ton lift as the appropriate size to serve the local/regional fleet	Charleston
Boatyard Travel Lift Slip Improvements	2017	IFA loan/grant	<ul style="list-style-type: none"> Identify funding sources and permitting requirements Explore public/private partnership opportunities 	Charleston
Boatyard Marine Ways Repair/ Replacement	2015 - 2016	IFA loan/grant	<ul style="list-style-type: none"> Identify funding sources and permitting requirements. Explore public/private partnership opportunities. 	Charleston
Boatyard Work Dock Improvements	2015 - 2016	IFA loan/grant	<ul style="list-style-type: none"> Identify funding sources and permitting requirements. Explore public/private partnership opportunities. 	Charleston
Dredging - Charleston Marina and Boatyard	Ongoing/ Annual Maintenance	Port reserve funds and IFA	Continue to coordinate with South Coast ports and the state to complete and implement the "Dredge Equipment Operational Analysis and Business Plan."	Charleston

Project	Timeline	Potential Funding Sources	Action Plan	Business Line
Oregon Gateway^a Multipurpose/ Multimodal Cargo Terminal.	2015 - 2020	TBD	Timing of multipurpose/multimodal cargo terminal depends on Jordan Cove: this site will be used for construction laydown for Jordan Cove project	North Spit
Bulk Commodities: Develop sites for bulk commodities. Potential sites include Roseburg, South Port, and between DB Western. Finding enough acreage is a challenge	2015 - 2020	IFA loan/grants possible public/private partnership	<ul style="list-style-type: none"> • Continue to identify potential sites. • Identify any potential land use or regulatory conflicts following site selection. • Explore public/private partnership opportunities. 	North Spit
Channel Deepening: Channel deepening from the lower bay to North Spit Terminal	Ongoing economic and environmental impact analysis. Initiation of construction anticipated for 4th quarter 2018.	Public/private partnership	Studies are currently in process.	Navigation

^a This broad term covers the Jordan Cove facility and a variety of cargo terminal proposals on the North Spit of lower Coos Bay.

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OREGON INTERNATIONAL PORT OF COOS BAY

VOLUME 2 PLAN



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Please see also, Volume 1 – Strategy

July 2015

STRATEGIC BUSINESS PLAN

Oregon International Port of Coos Bay

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OREGON INTERNATIONAL PORT OF COOS BAY STRATEGIC BUSINESS PLAN

1.0 INTRODUCTION AND STRATEGIC PLANNING PROCESS

This strategic business plan was developed to articulate the planning, facility, and capital improvement needs of the Oregon International Port of Coos Bay (Port) over a 20-year planning horizon. This plan complies with the strategic business plan requirements of Business Oregon and is designed to be a flexible document that guides the Port Commission in setting priorities and policies.

This plan was developed over a two-year period and involved extensive public outreach, including Port Commission, stakeholder, and public meetings. A summary of outreach efforts is included in Appendix A.

2.0 PORT VISION, MISSION, AND STRATEGIC PLANNING GUIDING PRINCIPLES

The Port's mission and vision were developed by the Port Commission, with input from the Governor's office, in June 2004. In addition, the Port developed strategic planning guiding principles in 2012 in preparation for the development of the strategic business plan. The Port updated its vision, mission, and guiding principles as part of the strategic planning process. The 2015 vision, mission, and principles are listed below.

Vision

The Coos Bay harbor is experiencing the renewal of maritime commerce driven by Port of Coos Bay managed public investments in navigation system improvements and freight rail infrastructure benefitting Coos Bay Rail Link. Long-term planning and improvements for the Port's Charleston facilities drive both private-sector and public agency investments in the seafood industry, recreational tourism, research and education. Oregon's bay area is prospering from a diversified regional economy and new employment opportunities.

Mission

Promoting sustainable development that enhances the economy of southwest Oregon and the State.

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- *Invest in marine and rail infrastructure to strengthen the regional multimodal transportation system.*
- *Develop appropriate industrial and marine industrial properties around the Coos Bay harbor to diversify marine and rail commodity movements.*
- *Expand commercial fishing and recreational tourism facilities in the village of Charleston.*
- *Collaborate with the private and public sectors to maximize the functionality of the Port's core business lines.*
- *Promote responsible environmental stewardship by integrating environmental considerations into all strategic planning and business decision-making.*

In addition to the guiding principles identified above, the Port staff and Commission participated in a strategic planning session with consultant, Dick Steinke, in December 2014. A summary of this session is outlined in section 4.5 and minutes are included in Appendix A. The strategic planning session provided the Port with added direction regarding the Port's objectives and further encouraged the Port to remain focused on priority projects and initiatives. This strategic business plan identifies priority projects, as well as capital improvement, management, financial, environmental, and marketing goals and policies to capitalize on the Port's competitive advantages (see section 6). Adoption of these goals and policies by the Port Commission will enable staff to further prioritize capital projects in support of the Port's mission in pursuit of local, regional, national, and international economic development opportunities.

3.0 PORT OVERVIEW AND DESCRIPTION

The Port was founded as a port district in 1909, although litigation challenging its establishment delayed creation of a formal district until 1912. The Coos Bay district is the largest of three port districts in Coos County (the others are Bandon and Coquille). The Port's boundaries include the Coos Bay harbor, which has been critical to the development of the region, serving as the multimodal connection point for logs, lumber, and woodchips produced by the region's mills, and the watershed of the Coos and Millacoma Rivers. While the timber industry is smaller than it once was, it is still a major source of jobs in the region.

The Port serves as a facilitator to the harbor's maritime industry and as an economic development and transportation advocacy organization, promoting marine and industrial growth throughout southwest Oregon and the state, and economic activity in national and international markets. As of 2015, the Port offers diverse facilities and infrastructure to support the regional economy, including a large commercial fishing fleet based at the Charleston Marina, which is part of a complex that includes the Charleston Ice Dock, the Charleston Boatyard, the Charleston Marina RV Park, and a U.S. Coast Guard installation. These facilities serve various market segments, including commercial fishing and seafood processing, recreational fishing and boating, tourism, and a growing retail and commercial sector. In addition to tenants of the Port, a number of fish processing firms in the port district depend on the local fleet for their raw product.

The Port expanded its transportation portfolio in recent years with the acquisition of the Coos Bay rail line, which is operated as Coos Bay Rail Link (CBR), and connects Coos, western Douglas, and western Lane counties to the North American freight rail system. The CBR is a cost-effective and efficient transport option for the forest products and local dairy industries and is a key component of reaching the Port's economic development goals. In addition to the Charleston facilities and the CBR, the Port owns several marine industrial sites (none are currently used for cargo movements) and is one of the lead agencies that helps maintain the federal navigation channel that provides access to the private marine terminals.

3.1 Port Location and Access

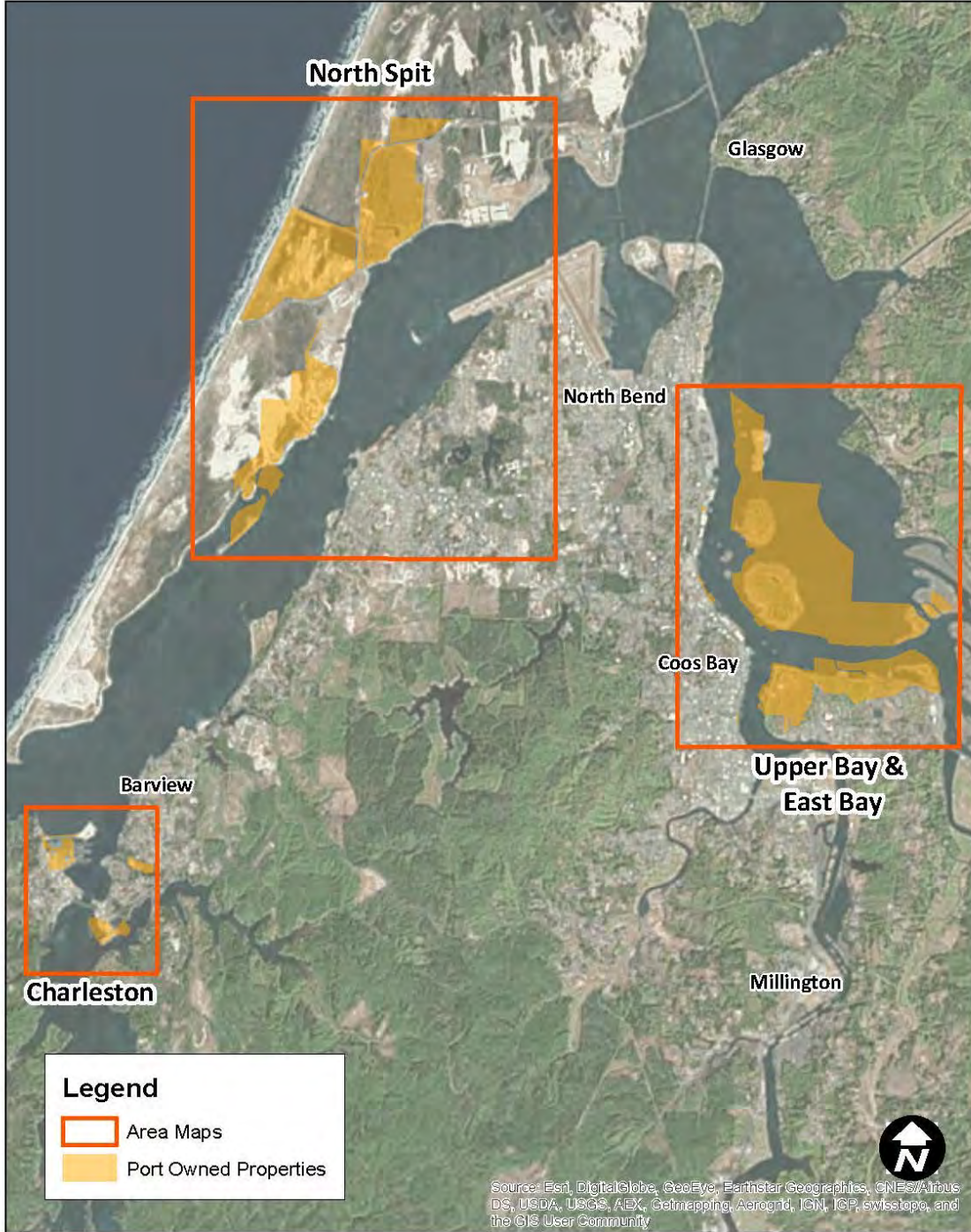
The Port is a major deep-draft coastal harbor with more than 1.5 million tons of cargo crossing the bar annually, making the Coos Bay harbor the busiest seaport in Oregon. It has a safe entrance bar, an experienced maritime labor force, a wide range of maritime services, and a short (15 mile) navigation channel. These factors assure that inbound and outbound cargoes move efficiently through the harbor's marine terminals to both domestic and international markets.

TransPacific Parkway provides access for industrial operations and marine terminals on the North Spit of lower Coos Bay to the state and federal highway system via U.S. Highway 101, the major north-south highway corridor on the Oregon coast. State highways 38 (to the north) and 42 (to the south) connect U.S. 101 to Interstate 5 (I-5). It is approximately 90 road miles to I-5 via either route, and driving time is approximately 1.5 to 2 hours.

Freight rail service is provided by the Port through CBR, which is operated by an experienced short line railroad operating company through a management agreement with the Port. The CBR interchanges with the Union Pacific Railroad and several short line carriers in Eugene, Oregon. Southwest Oregon Regional Airport, a commercial service passenger and freight airport, is located in North Bend and is a key factor in enhancing economic development efforts in the Coos Bay-North Bend area and surrounding region.

3.2 Port Facilities

The Port has made substantial investments in facilities and infrastructure to serve key industries and contribute to the economic development of the region. The Port owns property and manages facilities in unincorporated Coos County, in the cities of Coos Bay and North Bend, and has rail facilities that extend north and east into Douglas and Lane counties. In conjunction with the development of this strategic business plan, BergerABAM performed a streamlined facilities condition assessment of Port-owned properties. The facilities condition assessment memorandum is included as Appendix B. A summary of Port properties and facilities is provided below by general location (Charleston, the North Spit, the Upper Bay, and the East Bay [see Figure 1]). A comprehensive list of Port-owned marine property is provided in the strategic market assessment completed as part of this strategic planning process (Appendix C).



Key Map - Port of Coos Bay Properties

Coos Bay, OR | Port Properties | June 2015



Figure 1. Key Map

3.2.1 Charleston

Charleston is located in unincorporated Coos County at the north end of South Slough in the Coos Bay Estuary, where the Coos River enters the Pacific Ocean. The Charleston Marina complex provides moorage and marine services, including an ice plant and public buying dock, for the commercial and recreational fishing fleets. The complex also includes commercial buildings, an RV park, and storage units. In addition to the marina complex, Port-owned properties and facilities in the Charleston area include the boatyard and the Barview dredged-material upland disposal site. The value of the Port’s infrastructure in Charleston is estimated to be \$40 million. Port-owned Charleston properties are listed on Table 1 and identified on Figure 2.

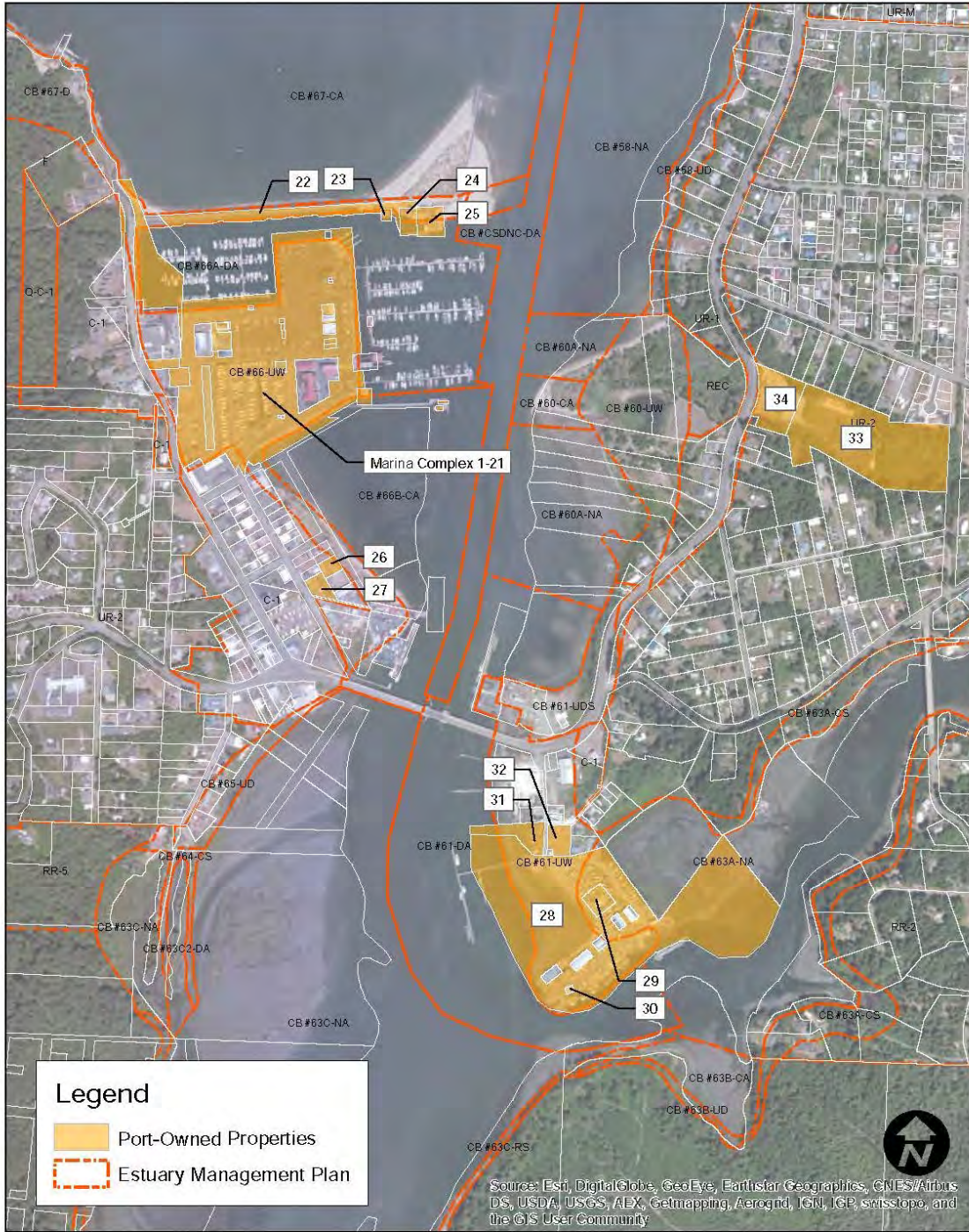
Table 1. Charleston Properties

	Map Number	Tax Lot Number	Acres	Property Description	Zoning ^a
Marina Complex	1	26S14W02AC-300	23.80	Marina and RV Park	CBEMP ^b 66B-CA, 66A-DA
	2	26S14W02AC-308Z1	0.01	Marina and RV Park	66-UW
	3	26S14W02BD-200	2.71	Marina and RV Park	66A-DA
	4	26S14W2BD-400	1.0	Marina and RV Park	66A-DA
	5	26S14W02AC-205Z	0.03	Ice Plant and Public Buying Dock	CBEMP 66B-CA
	6	26S14W02AC-204Z	0.02		CBEMP 66B-CA
	7	26S14W02AC-327Z1	0.01	Commercial Buildings	CBEMP 66-UW
	8	26S14W02AC-323Z1	0.01		CBEMP 66-UW
	9	26S14W02AC-302Z	0.12		CBEMP 66-UW
	10	26S14W02AC-306Z1	0.05		CBEMP 66-UW
	11	26S14W02AC-307Z1	0.04		CBEMP 66-UW
	12	26S14W02AC-301Z1	0.01		CBEMP 66-UW
	13	26S14W02AC-203Z	0.07		CBEMP 66B-CA; 66A-DA
	14	26S14W02BD-201Z1	0.30		CBEMP 66-UW
	15	26S14W02AC-310Z1	0.02		CBEMP 66-UW
	16	26S14W02AC-321Z1	0.08		CBEMP 66-UW
	17	26S14W02AC-315Z1	0.35		CBEMP 66-UW
	18	26S14W02AC-314Z1	0.06		CBEMP 66-UW
	19	26S14W02AC-309Z2	0.08		CBEMP 66-UW
	20	26S14W02AC-320Z	0.04		CBEMP 66-UW
	21	26S14W02AC-317Z1	0.57	Marina Storage Units	CBEMP 66-UW
	22	26S14W2AC-100	3.27	Breakwater	66A-DA; 66-UW
	23	26S14W02AC-103Z	0.10	Breakwater	66A-DA
	24	26S14W02AC-102Z1	0.39	Breakwater	66A-DA; 66-UW
	25	26S14W02AC-101Z1	0.64	Breakwater	66A-DA; 66-UW
	26	26S14W02DB-800	0.28	Vacant Property	Coos County C-1; CBEMP 66-UW
	27	26S14W02DB-700	0.35	Vacant Property	Coos County C-1

	Map Number	Tax Lot Number	Acres	Property Description	Zoning ^a
Boatyard	28	26S14W12BB-600	25.03	Boatyard, Docks	CBEMP 61-UW
	29	26S14W12BB-603Z1	0.51		CBEMP 61-UW
	30	26S14W12BB-608Z1	0.05		CBEMP 61-UW
	31	26S14W12BB-500	0.94	Storage Yards	Coos County C-1; CBEMP 61-UW
	32	26S14W12BB-300	0.58		CBEMP 61-UW; Coos County UR-2
Barview	33	26S14W01CA-400	8.69	Barview Upland Dredge Material Disposal Site	Coos County UR-2
	34	26S14W01BC-5600	2.60		Coos County UR-2

^a Zoning for the Charleston area is under the jurisdiction of the County and the Coos Bay Estuary Management Plan administered by the County.

^b CBEMP = Coos Bay Estuary Management Plan. See section 4.1 for descriptions of management units.



Charleston Area Map
 Coos Bay, OR | Port Properties | June 2015



Figure 2. Charleston Property Map

Marina Complex

The Charleston Marina complex supports the commercial and recreational fishing industries, a key sector of the regional economy. Facilities at this complex include the marina, an RV park, commercial buildings, and a commercial ice plant. The Charleston Marina provides moorage for approximately 165 to 200 commercial fishing boats and has approximately 250 recreational boat slips. The marina has a six-lane boat ramp and multiple fish cleaning stations. The U.S. Coast Guard Motor Lifeboat Station Coos Bay is at the Charleston Marina, and a Coast Guard aids to navigation team is stationed nearby. The University of Oregon's Oregon Institute of Marine Biology, a teaching and research facility for marine biology students, is located adjacent to the Charleston Marina complex, along Boat Basin Drive. In addition to the teaching and research facilities, the Charleston Marine Life Center is expected to open in August 2015, which will house a public museum and aquarium.

The Port offers various types of property for lease in the Charleston Marina area, including office, retail, and wholesale properties. In addition, the Port offers open and enclosed storage space for boats and gear.

The Charleston Marina RV Park currently has 98 full-service RV sites with electricity, water, sewer, satellite TV, and Wi-Fi. Three family-size yurts are part of the RV Park. Waste pump-out services and propane refueling are also available. The RV Park includes restrooms, laundry facilities, an office, a recreation room, and a crab cooking area.

Boatyard

The boatyard complex is an important support facility for the fishing and recreational boat fleets. The boatyard is located south of the marina complex along the South Slough of the Coos Bay Estuary. The boatyard includes marine ways for vessels up to 200 tons, work docks, a public dock for short-term moorage, and long-term vessel storage and do-it-yourself maintenance areas. In addition to Port-owned facilities, three businesses operate at the boatyard; Giddings Boat Works provides steel repair and fabrication, Tarheel Aluminum & Stainless Steel Fabrication offers steel and aluminum repair and fabrication, and Skallerud Marine Services provides structural repairs, carpentry, and electrical construction and repair for wood and fiberglass vessels.

Barview

The Barview dredged-material upland disposal site is located on Cape Arago Highway, north of the marina and boatyard. The site is used to contain dredged materials from Port dredging projects that are designated not suitable for in-water disposal. The original facility was constructed in 1990 and received a permit from the U.S. Army Corps of Engineers (USACE) for disposal of dredge material (USACE Permit No. 071-OYA-4-008861). The site is approximately 700 feet (east-west) by 320 feet (north-south) and is divided into three containment areas. Plans and specifications have been

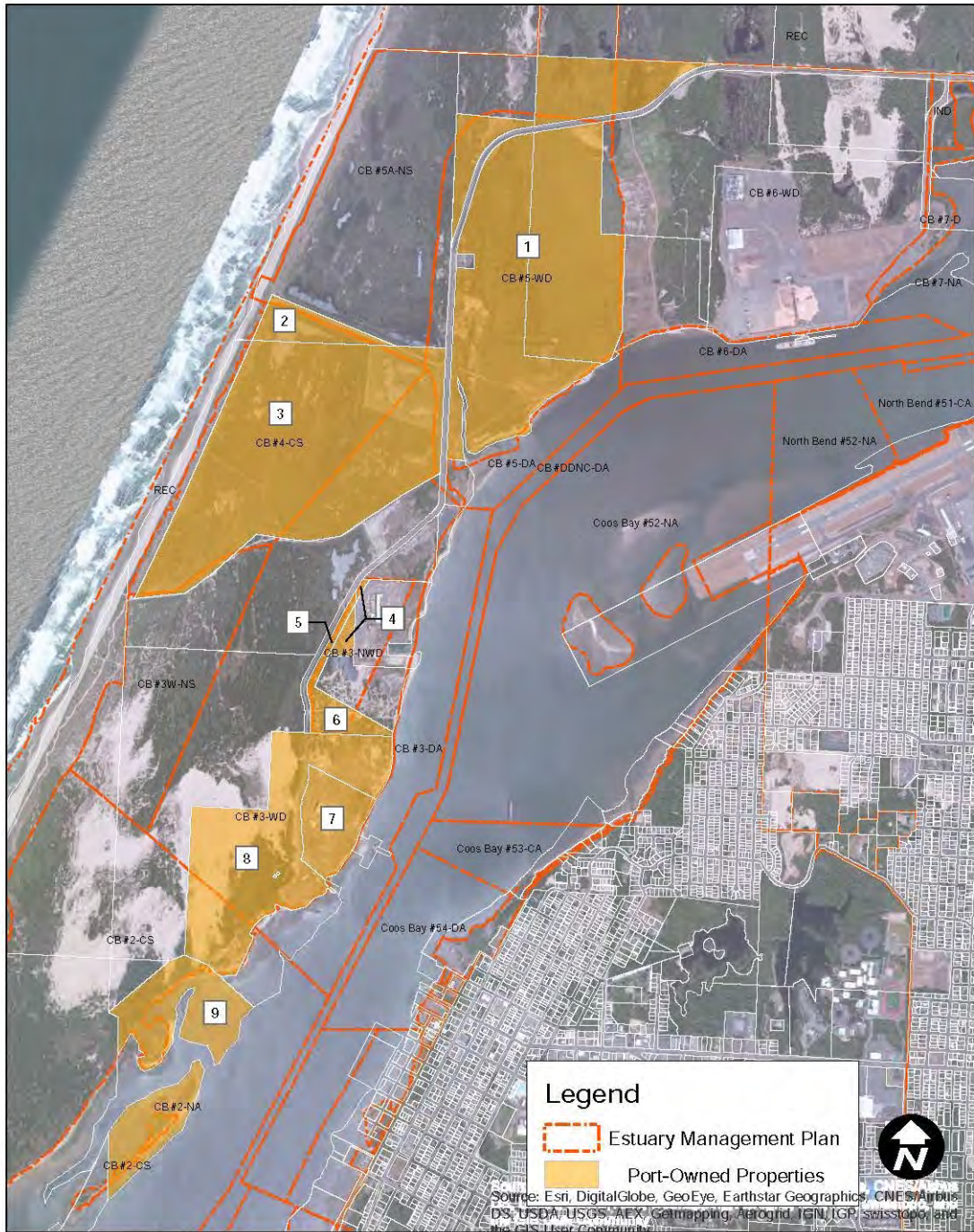
prepared to rebuild the berms within the containment area and construction is expected to begin in June 2016.

3.2.2 North Spit

The Port owns more than 1,000 acres of land on the North Spit area of lower Coos Bay. The North Spit area offers marine, rail, and road access. See Table 2 for a list of Port-owned North Spit properties and Figure 3 for a corresponding property map.

Table 2. North Spit Properties

Map Number	Tax Lot Number	Acres	Property Description	Zoning
1	25S13W05-300	182.24	Vacant land – proposed Oregon Gateway	CBEMP: 05-WD
	25S13W00-200	191.58		CBEMP 05-WD; 05-DA
2	25S13W06-101	22.12	Vacant land	CBEMP 04-CS; 05A-NS
3	25S13W07-101	298.03	Vacant land	CBEMP 03-WD; 04-CS
4	25S13W07-102	0.76	Vacant	CBEMP 03-NWD
5	25S13W07-107	2.39	Vacant	CBEMP 03-NWD
6	25S13W18-202	17.31	Vacant land	CBEMP 03-WD; 03-NWD
7	25S13W18-105Z1	44.64	D.B. Western Lease	CBEMP 03-WD
8	25S13W18-100	160.23	Out-of-service aquaculture facility, sand dunes, in-water	CBEMP 03-WD
9	25S13W19-200	102.84	In-water, mudflats, and shoreline	CBEMP 02-CS; 02-NA



North Spit Area Map
 Coos Bay, OR | Port Properties | June 2015



Figure 3. North Spit Properties

Oregon Gateway

The development of the Oregon Gateway complex is being undertaken by the Port and includes multiple marine terminal development projects on the North Spit of lower Coos Bay. One project is the construction of a new multipurpose, multi-modal facility with multiple channel side, deep-draft vessel berths.

The various vessel berths are proposed to be constructed to depths that will be partially determined by the final navigation channel dimensions resulting from the Lower Coos Bay Channel Modification project.

Jordan Cove

The Jordan Cove liquefied natural gas (LNG) export terminal is currently under review by the Federal Energy Regulatory Commission (FERC). If approved by FERC, the LNG terminal will include facilities to accommodate LNG tanker vessel berthing and cargo loading, two 160,000-cubic-meter LNG storage tanks, a natural gas liquefaction system capable of producing approximately 1 billion cubic feet per day of LNG, and a 420 MW power plant and natural gas conditioning facility. At full buildout, the LNG terminal would generate more than 6 million tons of LNG exports per year.¹

3.2.3 East Bay and Upper Bay

The Port owns a number of properties in the East Bay and Upper Bay areas of Coos Bay (see Figure 4). The East Bay properties are primarily vacant, vegetated land. These sites were previously used for the disposal of dredge material. The City of Coos Bay operates the Eastside Boat Launch on 7 acres leased from the Port on the Isthmus Slough of Coos Bay. The Eastside Boat Launch was updated to increase parking capacity in 2012. An overview of Port-owned East Bay properties is provided in Table 3.

Table 3. East Bay Properties

Map Number	Tax Lot Number	Acres	Property Description	Zoning
1	25S13W35AA 600	Approx. 2.7	Vacant land	City of Coos Bay: QP-1/R-2; CBEMP 27-UW
2	25S13W35AB 100	Approx. 18.5	Vacant land and the Eastside Boat Launch	City of Coos Bay: QP-1/R-2; CBEMP 27-DA; 27-UW
3	25S13W35AA 500	Approx. 5.75	Vacant land	City of Coos Bay: QP-1/R-2; Outside of CBEMP area
4	25S13W26D 100	119	Vacant land	City of Coos Bay: QP-1/R-2/C-2/R-W; CBEMP 27-DA; 27-UW
5	25S13W25 100	192.5	Vacant land	City of Coos Bay: I-C/RFP/QP-5/ R-2; CBEMP 24-NA; 28-UD

¹ "Jordan Cove LNG," accessed 17 March 2015, available at <http://jordancovelng.com/project/>.

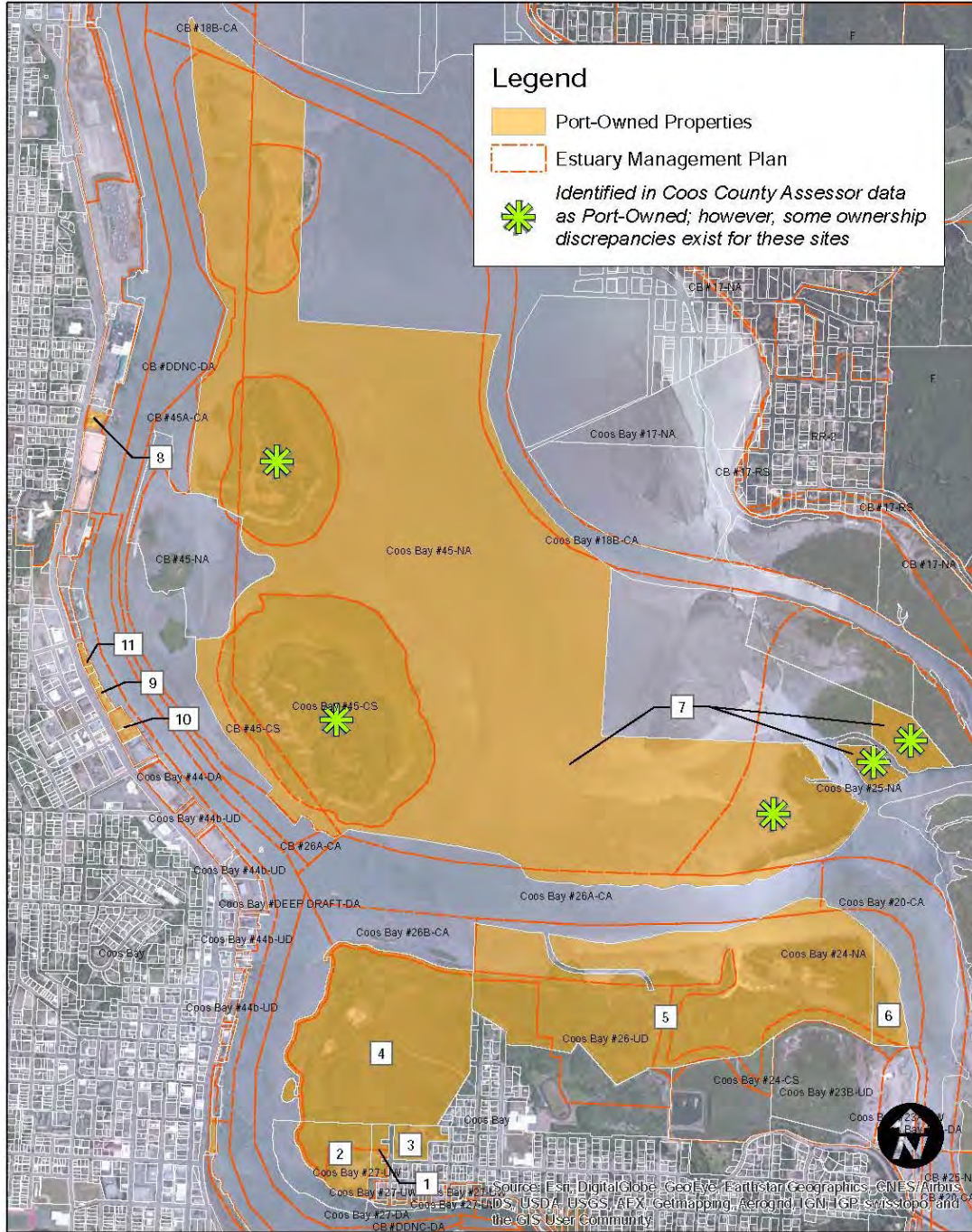
Map Number	Tax Lot Number	Acres	Property Description	Zoning
6	25S12W30 1000	9.3	Vacant land	CBEMP 24-NA
7	25S13W00-300 ^a	923.81	Vacant/Dredge Disposal	CBEMP 45-NA, 45-CS, 25-NA

^aCoos County Assessor's data indicates Port ownership; however, some ownership discrepancies exist for this parcel.

The Port-owned Upper Bay properties include Tyree Oil, Dolphin Terminal, the Orcas Dock, and the Citrus Dock. An overview of Port-owned Upper Bay properties is provided in Table 4.

Table 4. Upper Bay Properties

Map Number	Tax Lot Number	Acres	Property Description	Zoning
8	25S13W22AD-200	Approx. 1.6	Tyree Oil	City of North Bend: Heavy Industrial (M-H); CBEMP 44-UW
9	25S13W22DD-6600	Approx. 0.84	Dolphin Terminals	City of Coos Bay: I-C; CBEMP 44a-UW
10	25S13W26BB-100	Approx. 0.8	Orcas Dock	City of Coos Bay: I-C; CBEMP 44a-UW
	25S13W26BB-101Z1	Approx. 0.6		
11	25S13W22DD-5100	Approx. 63	Citrus Dock	City of Coos Bay: I-C; CBEMP 44a-UW
	25S13W22DD-5200	0.54		City of Coos Bay: I-C; CBEMP 44a-UW
	25S13W22DD-5201Z1	0.14		City of Coos Bay: I-C; CBEMP 44a-UW



Upper Bay & East Bay Area Map
 Coos Bay, OR | Port Properties | June 2015



Figure 4. Upper Bay and East Bay Properties

3.2.4 Coos Bay Rail Link

As stated previously, the Port owns the Coos Bay rail line, which is operated as Coos Bay Rail Link (CBR), an approximately 134-mile freight rail line from Danebo Junction (in west Eugene) to Coquille. The Port purchased the line from west Eugene to the north end of the Coos Bay swing-span bridge (111 miles) in 2009 from Central Oregon & Pacific (CORP) Railroad/RailAmerica Inc. The Port acquired the Coos Bay swing-span bridge in 2001 from Union Pacific as part of a rehabilitation project. The Port acquired the line from the swing-span bridge to Coquille (23 miles) from Union Pacific in 2010. Following the acquisitions, the Port began rehabilitation of the rail infrastructure, including various tunnel, track, and bridge repairs. In 2011, service was restored to 111-miles of the CBR from the North Spit to Eugene, and in 2013, the Port restored service to the entire 134-mile line. The CBR consists of nine tunnels, three swing-span bridges, more than 150 water crossings, and more than 40 at-grade and signalized crossings. The 134-mile Coos Bay rail line has served for nearly 100 years as an essential link between southwest Oregon communities and the coastal shipping hub of Coos Bay. It provides efficient and cost-effective access to regional, national, and global markets and the North American Class 1 freight rail system. Additionally, the Port recently completed an analysis of industrial properties within the Coos Bay rail line corridor. This analysis is included in Appendix D.

3.2.5 Navigation Channel

In addition to Port-owned facilities, the Port is the non-federal sponsor for navigation system maintenance and improvements. This navigation system includes the jetties at the mouth of Coos Bay, the channel leading to the Charleston Marina, and the deep-draft channel that provides access to the upper portions of Coos Bay, approximately 15 miles from the bay entrance. The depth of the channel at the entrance is -47 feet mean lower low water (MLLW). Channel depth is maintained at -37 feet MLLW for the length of the 15.2 mile channel.

3.3 Port Commission and Staff

The five-member Port Commission is composed of Port District residents are appointed by the Governor and confirmed by the Oregon Senate for four-year terms. As stated in Policy 1.1 of the Port's policy manual, the primary duty and function of the Board of Commissioners is to establish policies for the governance of the Port and to delegate to the Chief Executive Officer to staff day-to-day administration of the Port.

3.4 Strategic Partners

Ongoing coordination and collaboration with local and regional partners allow the Port to leverage its resources to fulfill its mission and manage its assets. Maintaining relationships with the following public and private entities is key to the Port's success.

- City of Coos Bay
- City of North Bend
- Coos County
- Douglas County

- Lane County
- CCD Business Development Corporation (CCD)
- South Coast Development Council (SCDC)
- Coos Bay – North Bend Visitor and Convention Bureau
- South Coast Ports Coalition
- Southern Oregon Ocean Resource Coalition
- Oregon Department of Fish and Wildlife
- Business Oregon and the Infrastructure Finance Authority (IFA)
- Oregon State Marine Board (OSMB)
- Oregon Public Ports Association
- Pacific Coast Congress of Harbormasters
- Port tenants
- Oregon Board of Maritime Pilots
- Oregon Department of Transportation (ODOT) and the ODOT Rail Division
- Oregon Rail Users League
- South West Area Commission on Transportation and the Lane Area Commission on Transportation
- Oregon Freight Advisory Committee
- Pacific Northwest Waterways Association
- American Association of Port Authorities
- North West Marine Terminals Association
- South Slough National Estuarine Research Reserve
- Oregon Institute of Marine Biology of the University of Oregon
- Charleston Community Enhancement Coalition
- Charleston Merchants Association
- Pacific Coast Shellfish Growers Association
- Oregon Coastal Caucus
- USACE
- State regulatory agencies
- Federal regulatory agencies
- Local school districts
- Southwestern Oregon Community College
- Coquille Indian Tribe
- Confederated Tribes of Coos, Lower Umpqua & Siuslaw Indians
- Regional Solutions Team (Youth Workforce)

4.0 POLICY CONTEXT AND SITUATIONAL ANALYSIS

The following sections are examples of some local, regional, and state planning and policy documents that may impact the development of Port properties and the Port's ability to implement this strategic business plan. In addition to the examples below, this strategic business plan aims to capture, and where applicable update or implement, key plans and projects such as:

Port-led Planning Efforts

- Charleston Master Plan (updated 2013)
- Coos Bay Rail Link – Economic Impact Study (2012)
- Coos Bay Channel Modification: Coos Bay Rail Link – Engineering Analysis for Capacity Improvements (2012)
- Strategic Business Plan (1997)

Strategic Partner Planning Efforts

- Ports 2010 – A New Strategic Business Plan for Oregon’s Port (2010)
- Marketing Plan: Coos Bay – North Bend Visitor and Convention Bureau (2013-2014)
- Coos County Urban Renewal Plan (last amended March 2014)
- Comprehensive Economic Development Strategy: CCD Economic Development Corporation (2014-2018)

4.1 Local and Regional Plans

The successful implementation of this strategic business plan is dependent upon coordination with local and regional planning efforts. The sections below address local and regional plans that affect the Port and must be considered in conjunction with the development of future Port projects.

4.1.1 Coos Bay Estuary Management Plan

Oregon requires local jurisdictions that include one of the 22 major estuaries along the Oregon coast to prepare estuary management plans in compliance with Statewide Planning Goal 16. The Coos County Coos Bay Estuary Management Plan (County CBEMP) is included as an element of the County comprehensive plan and aims to provide a complete use and management plan for the water and intertidal areas of Coos County. The County CBEMP identifies estuary management unit boundaries and establishes plan review procedures for development within the CBEMP area. In addition, the County CBEMP provides management policies and use standards for CBEMP areas within unincorporated Coos County, as well as recommendations for incorporated areas. The full authority to plan CBEMP areas within incorporated areas is granted to the cities. The cities of Coos Bay and North Bend have each developed a CBEMP to establish policies and use standards for CBEMP management units within their boundaries.

The County and cities CBEMPs establish general shoreland and aquatic management classifications and shoreland and aquatic units to identify management objectives and use provisions for specific shoreland and aquatic areas. The general shoreland and aquatic management units are as follows:

- Natural Shoreland (NS)
- Conservation Shoreland (CS)
- Urban Dependent(UD)
- Urban Water-Dependent (UW)
- Development Shorelands (D)

- Water-Dependent Shorelands (WD)
- Non Water-Dependent Shorelands (NWD)
- Natural Aquatic (NA)
- Conservation Aquatic (CA)
- Development Aquatic (DA)
- Urban Non Water-Dependent (UNW)
- Deep Navigation Channel (DNC)

The shoreline unit and management classifications that apply to Port-owned properties are specified in Appendix E. The CBEMP designations for each Port parcel are identified in tables 5 through 8.

4.1.2 Zoning

In addition to the policies and use standards of the CBEMP, upland portions of Port-owned property must comply with the zoning and development standards of the applicable County or city zoning code. The tables below identify the zoning designation of each Port parcel and key considerations related to zoning and CBEMP management units (see section 3.2 for corresponding figures).

Table 5. Charleston Zoning

	Tax Lot Number	Zoning	Current Use	Key Considerations
Marina Complex	26S14W02AC-300	CBEMP 66B-CA, 66A-DA	Marina and RV Park	<p>66B-CA:</p> <ul style="list-style-type: none"> • Industrial and port facilities are not allowed. • Marinas are allowed subject to special use provisions and a CUP^a review. <p>66A-DA:</p> <ul style="list-style-type: none"> • Industrial and port facilities are permitted subject to special use provisions and a CUP review. <p>66-UW:</p> <ul style="list-style-type: none"> • Industrial and port facilities are permitted subject to special use provisions and a CUP review. <p>C-1:</p> <ul style="list-style-type: none"> • Commercial and some light industrial uses are permitted; depending on use, CUP review may be required.
	26S14W02AC-308Z1	66-UW	Marina and RV Park	
	26S14W02BD-200	66A-DA	Marina and RV Park	
	26S14W2BD-400	66A-DA	Marina and RV Park	
	26S14W02AC-205Z	CBEMP 66B-CA	Ice Plant and Public Buying Dock	
	26S14W02AC-204Z	CBEMP 66B-CA		
	26S14W02AC-327Z1	CBEMP 66-UW	Commercial Buildings	
	26S14W02AC-323Z1	CBEMP 66-UW		
	26S14W02AC-302Z	CBEMP 66-UW		
	26S14W02AC-306Z1	CBEMP 66-UW		
	26S14W02AC-307Z1	CBEMP 66-UW		
	26S14W02AC-301Z1	CBEMP 66-UW		
	26S14W02AC-203Z	CBEMP 66B-CA; 66A-DA		
	26S14W02BD-201Z1	CBEMP 66-UW		
	26S14W02AC-310Z1	CBEMP 66-UW		
26S14W02AC-321Z1	CBEMP 66-UW			
26S14W02AC-315Z1	CBEMP 66-UW			

	Tax Lot Number	Zoning	Current Use	Key Considerations
Marina Complex	26S14W02AC-314Z1	CBEMP 66-UW		
	26S14W02AC-309Z2	CBEMP 66-UW		
	26S14W02AC-320Z	CBEMP 66-UW		
	26S14W02AC-317Z1	CBEMP 66-UW	Marina Storage Units	
	26S14W2AC-100	66A-DA; 66-UW	Breakwater	
	26S14W02AC-103Z	66A-DA		
	26S14W02AC-102Z1	66A-DA; 66-UW		
	26S14W02AC-101Z1	66A-DA; 66-UW		
	26S14W02DB-800	Coos County C-1; CBEMP 66-UW	Vacant Property	
	26S14W02DB-700	Coos County C-1		
Boatyard	26S14W12BB-600	CBEMP 61-UW	Boatyard, Docks	<p>61-UW:</p> <ul style="list-style-type: none"> Industrial and port facilities are permitted subject to special use provisions and a CUP review. <p>63A-NA:</p> <ul style="list-style-type: none"> Industrial and port facilities are not permitted in this management designation. It is recommended that the Port work with Coos County to verify the location of the management designation and seek a new designation for property that includes existing boatyard facilities.
	26S14W12BB-603Z1	CBEMP 61-UW		
	26S14W12BB-608Z1	CBEMP 61-UW		
	26S14W12BB-500	Coos County C-1; CBEMP 61-UW	Storage Yards	
	26S14W12BB-300	CBEMP 61-UW; Coos County UR-2		
Barview	26S14W01CA-400	Coos County UR-2	Barview Upland Dredge Material Disposal Site	<p>UR-2 Zone:</p> <ul style="list-style-type: none"> The purpose of this zone is to provide for urban residential areas to accommodate single-family dwellings, mobile homes, and two-family dwellings. The County use table does not contain a use category for dredge material disposal in the UR-2 zone.
	26S14W01BC-5600	Coos County UR-2		

^aConditional Use Permit=CUP

^b Coos County Development Code, accessed 24 February 2015, available at

https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/3214/Coos_Development_Code.pdf?sequence=1.

Table 6. North Spit Zoning

Tax Lot Number and Zone	Current Use	Key Considerations
25S13W05-300 County CBEMP: 05-WD	Vacant land – proposed Oregon Gateway	05-WD: <ul style="list-style-type: none"> Industrial and port facilities are permitted subject to special use provisions and a CUP review.
25S13W00-200 County CBEMP 05-WD; 05-DA		05-DA: <ul style="list-style-type: none"> A management objective and allowed uses are not provided in the County CBEMP for this management unit.
25S13W06-101 County CBEMP 04-CS; 05A-NS	Vacant land	05A-NS: <ul style="list-style-type: none"> Industrial and port facilities are not allowed in this management unit. The Port property that contains this management unit is identified as wetlands.
25S13W07-101 County CBEMP 03-WD; 04-CS	Vacant land	04-CS: <ul style="list-style-type: none"> Industrial and port facilities are permitted subject to special use provisions and a CUP review.
25S13W07-102 County CBEMP 03-NWD	Vacant	03-WD: <ul style="list-style-type: none"> Industrial and port facilities are permitted subject to special use provisions and a CUP review.
25S13W07-107 County CBEMP 03-NWD	Vacant	02-CS: <ul style="list-style-type: none"> Industrial and port facilities are not allowed in this management unit. The shoreline of Port parcel 25S13W19-200 is identified as this management unit.
25S13W18-202 County CBEMP 03-WD; 03- NWD	Vacant land	02-CS: <ul style="list-style-type: none"> Industrial and port facilities are not allowed in this management unit. The shoreline of Port parcel 25S13W19-200 is identified as this management unit.
25S13W18-105Z1 County CBEMP 03-WD	D.B. Western Lease	<ul style="list-style-type: none"> Land transportation facilities and dredge material disposal are permitted subject to special use provisions and a CUP review. Mitigation is permitted outright.
25S13W18-100 County CBEMP 03-WD	Out-of- service aquaculture facility, sand dunes, in- water	02-NA: <ul style="list-style-type: none"> Industrial and port facilities are not allowed in this management unit. The aquatic portion of Port parcel 25S13W19-200 is identified as this management unit.
25S13W19-200 County CBEMP 02-CS; 02- NA	In-water, mudflats, and shoreline	<ul style="list-style-type: none"> Navigational aids are allowed outright and docks are permitted subject to special use provisions and a CUP review.

Table 7. Upper Bay Zoning

Tax Lot Number and Zone	Current Use	Key Considerations
25S13W22AD-200 City of North Bend ^a : M-H and CBEMP 44-UW	Tyree Oil	North Bend Heavy Industrial Zone (M-H): <ul style="list-style-type: none"> No issues are anticipated relative to zoning. Manufacturing, repairing, compounding, fabricating, processing, packaging, or storage are permitted uses. 44-UW: <ul style="list-style-type: none"> No issues are anticipated, industrial and port facilities are allowed outright.
25S13W22DD-6600 City of Coos Bay ^b : I-C and CBEMP 44A-UW	Dolphin Terminals	

Tax Lot Number and Zone	Current Use	Key Considerations
25S13W26BB-100 I-C and CBEMP 44A-UW	Orcas Dock	Coos Bay Industrial/Commercial Zone (I-C): <ul style="list-style-type: none"> No issues are anticipated, industrial and port facilities are allowed outright 44A-UW: <ul style="list-style-type: none"> A management objective and allowed uses are not provided in the Coos Bay CBEMP for this management unit.
25S13W26BB-101Z1 I-C and CBEMP 44A-UW		
25S13W22DD-5100 I-C and CBEMP 44A-UW	Citrus Dock	
2513W22DD-5200 I-C and CBEMP 44A-UW		
25S13W22DD-5201Z1 I-C and CBEMP 44A-UW		

^a North Bend City Code, accessed 24 February 2015, available at <http://www.northbendcity.org/documents/Northbend182014.pdf>.

^b Coos Bay Municipal Code, accessed 24 February 2015, available at <http://www.codepublishing.com/OR/coosbay/>.

Table 8. East Bay Zoning

Tax Lot Number and Zone	Current Use	Key Considerations
25S13W35AA 600 City of Coos Bay: QP-1, R-2 and CBEMP 27-UW	Undeveloped property and the Eastside Boat Launch	City of Coos Bay Park/Cemetery District (QP-1): <ul style="list-style-type: none"> Permitted uses include civic uses such as community recreation facilities
25S13W35AB 100 City of Coos Bay: QP-1, R-2 and CBEMP 27-DA, 27-UW		Single-Family and Duplex Residential District (R-2): <ul style="list-style-type: none"> Permitted uses include residential and accessory buildings and commercial uses such as child care facilities and home occupations.
25S13W35AA 500 City of Coos Bay: QP-1 and R-2; Outside of CBEMP area		General Commercial District (C-2): <ul style="list-style-type: none"> A variety of residential, commercial, and civic uses are permitted. No issues are anticipated, as no plans have been identified for this area.
25S13W26D 100 City of Coos Bay: QP-1, R-2, C-2, R-W and CBEMP 27-DA, 27-UW	Undeveloped property	

Tax Lot Number and Zone	Current Use	Key Considerations
<p>25S13W25 100 City of Coos Bay: I-C, RFP, QP-5, R-2 and CBEMP 24-NA, 28-UD</p>	<p>Undeveloped property</p>	<p>Restricted Waterfront Residential District (R-W):</p> <ul style="list-style-type: none"> A variety of residential uses are permitted; community recreation is a conditional use. No issues are anticipated as no plans have been identified for this area. <p>Buffer District (QP-5):</p> <ul style="list-style-type: none"> This area is intended to serve as a buffer between industrial and residential uses; no issues are anticipated as no plans have been identified for this area. <p>Reserved For Future Planning (RFP):</p> <ul style="list-style-type: none"> No standards are provided in the Coos Bay municipal code for these areas. <p>27-UW:</p> <ul style="list-style-type: none"> A management objective and allowed uses are not provided in the Coos Bay CBEMP for this management unit. <p>27-DA:</p> <ul style="list-style-type: none"> No issues are anticipated related to the CBEMP; industrial and port facilities are permitted subject to special use provisions and a conditional use permit. The property that contains this management unit currently includes Eastside Boat Launch and no additional plans for development have been identified. <p>24-NA:</p> <ul style="list-style-type: none"> Industrial and port facilities are not allowed in this management unit. A portion of Port parcel 25S13W25-100 contains this management unit. No issues are anticipated related to the CBEMP as no plans have been identified for this area. <p>28-UD</p> <ul style="list-style-type: none"> A management objective and allowed uses are not provided in the Coos Bay CBEMP for this management unit.
<p>25S13W00-300 City of Coos Bay CBEMP 45-NA, 45-CS, 25-NA</p>	<p>Vacant/ Dredge Disposal</p>	<p>45-NA; 45-CS</p> <ul style="list-style-type: none"> A management objective and allowed uses are not provided in the Coos Bay CBEMP for these management units. <p>25-NA</p> <ul style="list-style-type: none"> Navigation and mitigation are allowed in this management unit. Dredging and flow lane dredge material disposal are not allowed.

4.2 Statewide Planning Goals

The Port's strategic business plan has been developed to be consistent with the statewide planning goals as required by the state's strategic business plan. The following statewide planning goals are most applicable to the Port's planning efforts.

4.2.1 Statewide Planning Goal 9 – Economic Development

To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.

Oregon requires local jurisdictions to maintain a 20-year supply of employment lands suitable to meet the needs of existing businesses and industries likely to relocate to the area during the planning horizon. The CCD Business Development Corporation (CCD) is the federally recognized and funded economic development district for Coos, Curry, and Douglas counties. The CCD prepared a comprehensive economic development strategy (CEDS) (2014-2018) in November 2013 that includes a five-year strategic plan for economic development in the three counties.

Key findings from the CEDS applicable to Port development include:

- *The Coos, Curry, Douglas region enjoys a competitive advantage in the following industries: forest products; ocean/fisheries; metals, machinery & equipment; tourism. One of the objectives of the CEDS is to promote increased economic opportunities through strengthening and expanding these industries in the future.*
- *Economic forecasts predict that the regional growth will continue to lag behind the urban areas of the state, suggesting the need to continue to invest in projects and activities that lead to economic diversification, job growth, and improved community services just as the regional [economic development] board has done in the past.²*

The Port provides facilities and infrastructure that support all the key industries identified in the CEDS and through this strategic planning process the Port has further identified competitive advantages that distinguish it from other ports. These advantages are listed in section 4.5. Furthermore, through the implementation of this strategic business plan, the Port will continue to contribute to the economic success of the region. Specific projects that will increase economic development opportunities in compliance with Statewide Planning Goal 9 are included in the capital facilities plan (see section 6.1).

² "Comprehensive Economic Development Strategy (CEDS) 2014–2018," prepared by CCD Business Development Corporation, accessed on 13 March 2015, available at <http://www.co.curry.or.us/Portals/0/CEDS%20Plan%20CCD.pdf>.

4.2.2 Statewide Planning Goal 12 - Transportation

To provide and encourage a safe, convenient and economic transportation system.

Oregon requires local jurisdictions to complete transportation system plans. The cities of Coos Bay and North Bend and Coos County have completed transportation system plans (TSP), which include projects within the Port district. Each TSP identifies coordination with the Port as a key objective to meet TSP goals. Furthermore, the continued investments in marine and rail infrastructure by the Port will be instrumental in maintaining a safe, convenient, and economic transportation system. These investments will support a more efficient and cost-effective multimodal transportation system for the region and more diversified commodity movements through the Coos Bay harbor and on the Coos Bay rail line, which will sustain the long-term viability of maritime and rail commerce. Additionally, the Port must be engaged with ODOT during the development of projects for inclusion in the cyclical Statewide Transportation Improvement Program. Specific infrastructure projects are identified in the capital facilities plan (section 6.1).

4.2.3 Statewide Planning Goal 16 – Estuarine Resources

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.

Oregon requires local jurisdictions that include one of the 22 major estuaries along the Oregon coast to prepare estuary management plans in compliance with Statewide Planning Goal 16. Prepared by Coos County and administered by the County and cities where applicable, the CBEMP identifies estuary management unit boundaries and establishes plan review procedures for development within the CBEMP area.

To assure diversity among the estuaries of the state, the Oregon Department of Land Conservation and Development classifies estuaries to specify the most intensive level of development or alteration allowed within each one in compliance with Goal 16. The Coos Bay Estuary is classified as a deep-draft development estuary. The majority of Port property and facilities are within the CBEMP area and therefore must comply with the policies and procedures set forth in the plan. Management units that pertain to Port properties are addressed in section 4.1.1.

4.2.4 Statewide Planning Goal 17 – Coastal Shorelands

To conserve, protect, where appropriate, develop and where appropriate restore the resources and benefits of all coastal shorelands, recognizing their value for protection and maintenance of water quality, fish and wildlife habitat, water-dependent uses, economic resources and recreation and aesthetics. The management of these shoreland areas shall be compatible with the characteristics of the adjacent coastal waters; and

To reduce the hazard to human life and property, and the adverse effects upon water quality and fish and wildlife habitat, resulting from the use and enjoyment of Oregon's coastal shorelands.

The Port maintains water-dependent and water-related uses in Charleston, the North Spit, the Upper Bay, and East Bay. This strategic business plan identifies facility and infrastructure improvements to support the continued use of the Port's water-dependent and water-related property. The capital facilities plan in section 6.1 includes planning-level cost estimates and project details. All future development activities affecting coastal shorelands will need to show compliance with Goal 17 policies.

4.2.5 Statewide Planning Goal 19 – Ocean Resources

To conserve marine resources and ecological functions for the purpose of providing long-term ecological, economic, and social value and benefits to future generations.

The Port maintains operational policies to protect ocean resources. The Port follows all applicable local, state, and federal environmental policies, and future development activities on Port property must be evaluated for their compliance with Goal 19. Additional environmental policies and procedures are identified in the environmental plan in section 6.5.

4.3 Dredge Equipment Operational Analysis

In 2014, Coast & Harbor Engineering (CHE) was hired by the Oregon IFA to evaluate the feasibility of an Oregon State-funded purchase of dredging equipment to serve seven ports along the Oregon coast (Port of Siuslaw, Port of Umpqua [Salmon Harbor Marina], Oregon International Port of Coos Bay [Charleston Marina Complex and Boatyard], Port of Bandon, Port of Port Orford, Port of Gold Beach, and Port of Brookings Harbor). CHE's analysis, *Dredge Equipment Operational Analysis and Business Plan Technical Report*, is summarized below. The full report is included in Appendix F.

Annual maintenance dredging volumes were calculated for each port using an analysis of historical bathymetric survey data and a review of historical dredging records. Based on this analysis, a total of approximately 63,000 cubic yards of annual maintenance dredging was estimated to be required to maintain navigable depths at all seven ports. The study only focused on maintenance dredging requirements and did not take into account backlog dredging.

CHE evaluated three dredge equipment alternatives and based on the technical requirements, as well as operational costs, dredge equipment purchase cost, and production rates, a 12-inch hydraulic cutterhead dredge 370 HP with a discharge pipeline of 12 inches and an 8-inch Toyo pump dredge were selected as the preferred alternative to meet the needs of each of the study ports. Considering the operational costs and ownership cost of the preferred dredge equipment alternative, the report concluded that the cost per cubic yard of dredged material for an annual maintenance dredging volume of 63,000 cubic yards would be approximately \$7.20 per cubic yard. The study did not take into account mitigation costs that might be associated with

securing dredging permits or costs associated with securing or retaining upland disposal sites.

As identified in the CHE report, dredge volumes, material characteristics, and available disposal sites for the Port of Coos Bay’s Charleston Marina Complex and Boatyard are included in the tables below. The Coos Bay navigation channel is federal infrastructure and dredging volumes and characteristics for that channel were not included in the CHE report.

Table 9. Port of Coos Bay Dredging Requirements

Dredge Location	Annual Maintenance Dredging Volume (cubic yards)	Sediment Type	In-Water Work Windows	Permit Summary
Charleston Marina Complex (Inner and Outer Basins)	13,600	Poorly graded sand and silt (medium sand)	Charleston: <ul style="list-style-type: none"> • DSL Permit (November 1 – February 15) • USACE Permit (N/A) 	Charleston: <ul style="list-style-type: none"> • USACE permit renewal in progress. • DSL permit for the marina expires 10/2015. • DSL permit for the boatyard expires 9/2018.
Charleston Boatyard	2,800	Sand and silt/clay (silt)	Port of Coos Bay (Unified): <ul style="list-style-type: none"> • DSL Permit (November 1 – February 15) • USACE Permit (August 1 – December 15) 	Port of Coos Bay (Unified): <ul style="list-style-type: none"> • USACE permit expires 6/2014 • DSL permit expires 1/2017

Table 10. Port of Coos Bay Disposal Sites

Dredge Location	Distance to In-Water Disposal Site (miles)	Available Disposal Sites	Disposal Method
Charleston Marina Complex (Inner and Outer Basins)	1.0	Charleston: Ocean Dredged Material Disposal Site (ODMDS) located near the mouth of the Coos River:	Charleston: <ul style="list-style-type: none"> • Hydraulic and clamshell
Charleston Boatyard	1.5	<ul style="list-style-type: none"> • ODMDS Site F, 14,600 x 8,000 feet (range of 20 to 170 feet depth) • ODMDS Site G: • ODMDS Site H: 3,600 x 1,450 feet (55-foot depth) • Barview upland site for material not suitable for in-water disposal • Flow lane disposal also authorized. 	Port of Coos Bay Unified: <ul style="list-style-type: none"> • Hydraulic, hopper, and clamshell

Dredge Location	Distance to In-Water Disposal Site (miles)	Available Disposal Sites	Disposal Method
		Port of Coos Bay (Unified): ODMDS located near the mouth of the Coos River: <ul style="list-style-type: none"> • ODMDS Site E, 3,600 x 1,400 feet (17 foot depth) – Not active • ODMDS Site F, 14,600 x 8,000 feet (range of 20 to 170 foot depth) • ODMDS Site H, 3,600 x 1,450 feet (55 foot depth) 	

In order to address the Port’s contribution to the annual maintenance dredging evaluated in CHE’s report, it is recommended that the Port identify a target percentage of their General Fund balance to be set aside for annual maintenance dredging of the Charleston Marina Complex and Boatyard (see section 6.4 for additional details).

4.4 Economic Benefits Analysis

FCS GROUP analyzed the regional economic benefits of the Port and of Port-related businesses as part of the statewide study “The Economic Benefits of Oregon Ports,” (May 2014, managed by Business Oregon IFA). The economic analysis concluded that the Port, along with 48 port-related businesses, support a total of 2,892 Oregon jobs (1,305 direct employment and 1,587 indirect/induced employment) and generate Oregon and local tax revenue of \$14.4 million (\$3.6 million local and \$10.8 million state). Additionally, FCS GROUP analyzed the taxpayer return on investment (ROI) by comparing local property tax payments to the Port with the permanent economic benefits of the Port. The ROI is summarized in the bullets below.

- For every \$1,000 in property tax collected by the Port, the operations of the Port and its tenants support 1.46 jobs in Coos County and an additional 0.45 jobs elsewhere in Oregon.
- The average level of tax receipts per supported job is \$687.
- Port-related operations generate more local taxes than the Port collects, with \$2.37 in local taxes generated for each \$1.00 in Port property tax.
- For every \$1.00 in property tax collected by the Port, a total of \$7.12 taxes is generated statewide.

4.5 Strengths, Weaknesses, Opportunities, and Threats Analysis

In conjunction with the strategic business plan kickoff meeting held at the Port in October 2013, BergerABAM facilitated a strengths, weaknesses, opportunities, and

threats (SWOT) analysis with Port staff. An overview of the analysis is provided in Table 11 below, and a full summary can be found in Appendix A.

Table 11. SWOT Analysis

Strengths	Opportunities
<ul style="list-style-type: none"> • Good location with industrial properties for greenfield and brownfield development • Short transit from ocean to upper bay (15 miles) • No height restrictions below the US 101 highway bridge; no width restrictions below the rail bridge • LNG facility siting on the North Spit • Roseburg Forest Products marine terminal development potential on lower bay • Good transportation infrastructure, including CBR rail access and improved connections to I-5 via state highways 38 and 42 • Close to Bandon Dunes and other regional high-profile golf courses providing good exposure to high-end business people and potential spin-offs • Strong array of outdoor recreation opportunities • Safe entrance bar crossing; often open when others are closed • Adequate shipping tonnage to support current dredge program • Dedicated and experienced Port staff • Good lines of communication with local, state, and federal officials • Adequate water supplies, both potable and non-potable • Vibrant maritime commerce port • Clean, environmentally-healthy bay and estuary • Own the CBR rail line infrastructure • CBR offers potential development and political support through multiple counties • Boatyard attracts commercial traffic • RV park is seasonal destination • Charleston area has three state parks to attract visitors • Growing industry developing future wind and ocean power generation potential • \$1.5 million tax revenues provides supporting revenue stream • Strong U.S. Coast Guard presence • Visitors to Charleston can have a real “fishing village” experience 	<ul style="list-style-type: none"> • LNG fueling has great promise, but is not yet in place to provide benefits • Widened and deepened channel will attract more maritime commerce and vessel traffic; a marketing focus is needed to attract future deep draft cargo business • Eastside property likely has housing or other non-commercial activity as best use • Redevelop old upper bay industrial bayfront, and create multi-use paths along the bayfront when economically and safely feasible • Return focus to CBR/Charleston/North Spit • Consider seasonal expansion of RV park to accommodate more guests • Improve security to remove stigma that affects businesses • Develop the Merrifield property • Partner with city and/or county for access to funding sources such as the Community Development Block Grant program • Clarify roles and responsibilities among Port staff • Improve fiscal and asset management systems • Improve management of leases and leased properties • Better positioned than other ports to handle vessel maintenance; commercial and recreational • Take over management of the boatyard travel lift to better manage boatyard usage • Diversify the types of leaseholders • Oregon Institute of Marine Biology and South Slough National Estuarine Research Reserve are long-term resources to attract educational and scientific interests • Wayfinding and other signage improvements to attract people to Charleston • Build new CBR transload sidings at Eugene and Coquille to serve as intermodal connection points • Ship mineral sands and other bulk commodities via CBR line • Build more marine terminals • Attract bulk terminals. More likely accepted here than in urban areas

Weaknesses	Threats
<ul style="list-style-type: none"> • RV park area (and Charleston area) have reputation for not being safe and secure • Lack of security due in part to County cuts to law enforcement budget • Skilled/trades workforce in bay area is stretched thin • Deciding the future of the east side property has become a distraction to Port's core business lines • LNG terminal operation still years out, 2019 at earliest • Current bay area and North Spit zoning restricts non-marine industrial uses on some waterfront property • Tourism recreation market is very seasonal • Hard to maintain Port staff focus among competing distractions • Aging structures without asset management plan to evaluate and prioritize repairs • High PERS rate confines budget options for other uses 	<ul style="list-style-type: none"> • Future uses trending toward non-marine, mixed-use retail/commercial • Some public resistance to natural gas pipeline and LNG terminal • Without LNG terminal channel modification projects will be more economically challenging • Wind/wave projects could impact fishing industry negatively • Tsunami • Boatyard best management practices needs better cooperation and participation by boatyard tenants and users • Invasive species affecting natural resources such as shellfish • Endangered Species Act and National Marine Fisheries Service requirements may delay development and maintenance • Oregon Resilience Plan writes off coast in event of major natural disaster

As described in section 2.0, a strategic planning session was held with Port staff and Commissioners in December 2014 that further identified Port strengths and opportunities. Key points from that session are included below and session minutes are included in Appendix A.

Strategic Planning Key Points

- The Port's role evolves over time and different opportunities are presented as the economy changes; therefore, it is important for the Port to develop a set of metrics to evaluate projects and prioritize efforts.
- The Port needs to evaluate underutilized assets (including vacant property) and develop a strategy (including partnership opportunities) to address those assets.
- The Port has done a good job accounting for its stakeholders and should continue these efforts moving forward.
- In order to ensure long-term success and appropriately gauge the value of a potential project, the Port should review leasing policies and rates, and determine the value of specific commodities. Items to consider in a lease are:
 - Performance bond to ensure an annual guarantee (e.g., number of unit trains per day)
 - Incentives for performance, including environmental stewardship
 - Termination options

- Term
- Limiting renewal options
- Escalators (Consumer Price Index, Producers Price Index)
- Reopener to address financial, insurance, and environmental changes
- Maintenance provisions
- An important asset of the Port is its political support at the local, state, and federal levels.
- Marine terminal development should be flexible in order to accommodate changing conditions in the maritime industry and address unforeseen changes in the economy.
- The Port’s ideal marine terminal includes the following attributes:
 - Rail served
 - High volume
 - Flexibility
 - Reliability (for the Port and operator)
 - Profitable
 - Multimodal
 - Non-controversial commodity
- The Port should maintain its maritime assets (lease land, but do not sell).
- Competitive advantages that differentiate the Port include:
 - Land rich
 - Tremendous rail
 - Deep water
 - No overhead obstructions
 - Short transit to the open water
 - Safe bar crossing
 - Agile and reliable
 - Proximity to Asian markets
 - Remote location/no congestion
 - Political support on local, state, and federal levels
- Maintaining clear Commission and staff roles and responsibilities and positive relationships between the staff and Commission is key to long-term success.

Goals and policies to address the strategic planning recommendations identified above are included in section 6.0.

5.0 DEFINING THE PROBLEM AND OPPORTUNITY

The following sections summarize current demographic, industry trends, and market opportunities for the Port. The full strategic market assessment is included in Appendix C.

The study area for the demographic and economic analysis includes Coos, Curry, Lane, and Douglas counties. These counties were chosen because they are either served by the CBR and generate much of the cargo moving through marine terminals in Coos Bay, or they are part of the economic analysis that is used in this report which was provided by the Oregon Employment Department. The Strategic Market Assessment was completed in 2013 and updated in 2015.

5.1 Regional Demographic Profile

Both Coos and Curry counties are relatively rural, with most of the land area consisting of forested coastal mountains. Most of the population is concentrated along the western edge of the counties, within a few miles of the Pacific Ocean and Coos Bay shorelines.

From 2010 through 2030, the population of Oregon is projected to grow by an average of approximately 1.1 percent per year, while the population of the study area is projected to grow by an average of 0.7 percent per year. The population of Coos County is projected to grow by nearly 2,200 between 2010 and 2030, or at an average annual rate of less than 2.0 percent. In Curry County, the growth in population is expected to be similar to Coos County with approximately 2,100 new residents. During this same period, the population of Douglas County is projected to increase by nearly 19,000 and the population of Lane County by more than 58,000.

5.2 Regional Economic Profile

5.2.1 Employment

The Oregon Employment Department divides Oregon into different regions used to report employment numbers and for use in economic analysis. The study area includes Region 7 (Coos and Curry counties), Region 6 (Douglas County), and Region 5 (Lane County).

The civilian labor force in Oregon Region 7 grew very slowly between 1990 and 2010, increasing from approximately 35,300 to 38,000. The additional 2,700 workers represented total growth of 7.6 percent but, spread over 20 years, the average growth was less than 0.4 percent per year. Growth was stronger in Curry County than in Coos County, but still slow relative to the state as a whole or to the study area. Within the four-county study area, the labor force grew by an average of 0.8 percent per year, with most of the growth concentrated in Lane County. During the same 1990 to 2010 period, the statewide civilian labor force in Oregon grew by 31 percent, with average growth of nearly 1.4 percent per year.

Between 2010 and 2013, there was a decrease in the size of the civilian labor force, both in the study area and in Oregon. Within Region 7, the size of the labor force fell back to the same level as in 2003, representing a decline of 2.3 percent. In the study area, the size of the labor force fell back to the 2002 level, a decline of 3.6 percent. The statewide labor force also declined between 2010 and 2013, but by just 1.5 percent.

Total employment in the study area peaked in 2007, immediately prior to the economic recession. Employment dropped in each of the following two years and has remained essentially flat since 2009. During the 2007 peak, there were more than 250,000 jobs in the study area, but in two years, this dropped to approximately 234,000, a decline of 6.6 percent. Since 2009, total employment in the study area has fluctuated between 233,500 and 236,000 jobs.

With the exception of Lane County, the study area has suffered substantially higher unemployment than the statewide average. Between 1990 and October of 2013, the unemployment rate in Coos County averaged 2.3 percent higher than the state unemployment rate. This differential peaked in 1998, when the Coos County unemployment rate of 10.5 percent was 4.7 percent higher than the statewide rate of 5.7 percent. During the most recent decade (2002 through 2012), the differential was somewhat lower, with unemployment in Coos County averaging 1.6 percent above the statewide average.

5.2.2 Economic Sectors

In the four-county study area, the education and healthcare sector accounts for nearly one out of four jobs (i.e., 24.1 percent). This sector includes educational services and health care and social assistance. The share of jobs accounted for by education/healthcare in the study area is higher than the statewide share of 21.6 percent. Lane County leads in this category, due in large part to the presence of the University of Oregon.

Retail trade is the second largest source of jobs in the study area. Retail accounts for 13.7 percent of jobs in the study area, slightly higher than the statewide share of 12.3 percent. Retail employment accounts for a larger share of jobs in Coos County (i.e., 15.0 percent) than in the other three counties in the study area, but each of the counties has a higher share of employment in the retail sector than the statewide average.

The recreation, lodging, and food service sector accounts for approximately 10 percent of jobs in the study area, slightly higher than the state average. Within the study area, this sector is particularly important to Curry County, where it accounts for 16.3 percent of all jobs.

Manufacturing also accounts for approximately 10 percent of employment in the study area, which is lower than the statewide average of 11.5 percent. Manufacturing in the study area is highest in Douglas and Lane counties, where it accounts for 11.0 percent and 10.4 percent, respectively. In Coos County, manufacturing accounts for 7.2 percent of employment, and in Curry County, it accounts for only 5.1 percent.

The recession hit the manufacturing sector especially hard. During the late 1990s, manufacturing employment in the study area peaked at approximately 31,600 jobs. This number dropped in 2001 and 2002, but recovered for a number of years, averaging more than 29,000 from 2000 through 2006. The beginning of the recession in 2007 saw

manufacturing start to decline, and by the first quarter of 2010, the study area had lost more than 42 percent of manufacturing jobs.

As described in the CEDS, changes to forest and fish/seafood products have and are continuing to impact the social, economic, and infrastructural fabric of the region:

- *The communities in the planning area continue to be impacted by changes in the wood products industry that took place in the late 1980's. Much of the infrastructure including transportation, housing, water systems, schools and healthcare facilities were built during the rapid economic expansion prior to this time. The local taxing structure grew up around the large manufacturing base of the timber industry. As the operations have gone away, the tax base has eroded to the point that local ability to finance infrastructure improvements is compromised. Many of the downtown wood-framed structures are reaching the end of their functional lifespan. Similarly, key infrastructure that supports several communities has reached -- or will reach -- the end of its functional lifespan during the planning period. With careful planning, communities in the regional area will have an opportunity to replace and upgrade fundamental infrastructure with forward-looking state of the art technology replacements. The centers of the communities must be restored if the social fabric of these communities, culturally and historically, is to survive. Additionally, the strengthening of communities can only occur if the reconstituted economic foundations of the region are appropriate and sustainable. A major focus of the SDAT team, and of this initiative, will be the revitalization of the local communities and their downtowns as focal points of community life.*
- *The seafood and agricultural commodities produced in the region area are also experiencing a period of stress that are strikingly parallel to that experienced by the wood products industry thirty years ago. The historically diverse independent network of seafood processing facilities throughout the northwest has been consolidated to just a few entities. This has had a negative impact on traditionally low-wage employment in the seafood processing industry. At present, the seafood harvesting sector continues to be dominated by owner-operator ventures; but recent changes in fisheries management policies have set the stage for further consolidation of the seafood harvesting sector. The West Coast Groundfish Trawl "Catch Share" program is a market-based approach to fisheries management that allows for absentee-ownership of fishery access rights, disrupting the traditional owner-operator commercial fishing business model. The groundfish trawl catch share program will consolidate ownership of groundfish fishery access rights away from fishing communities, negatively impacting coastal economies in Coos and Curry County. Ports and harbor communities on the southern Oregon coast that have traditionally provided affordable housing for cannery workers and fishers have become popular relocation centers for recent retirees from across the country. This gentrification of coastal port communities has served to drive up property values in the vicinity of Oregon's scenic port communities, moving low-wage fishers and seafood*

*processing workers further from their places of employment. Without creative address, this trend is likely to continue.*³

5.3 Key Economic Trends Impacting Economic Development

Economic development opportunities in Coos Bay and the surrounding region are impacted by forces beyond local control, including forces affecting the international, national, and state economies.

5.3.1 World Trends

World economic growth is expected to accelerate gradually in 2014, emerging from its lackluster performance of the last two years. This will occur primarily as a result of easing of private-sector deleveraging and public-sector austerity. Gross domestic product (GDP) growth is expected to accelerate gradually for the next five years (through 2018), growing annually between 3.6 and 4.1 percent, which is much better than the performance of the recent past. Most forecasters expect that there will be more upside risks than downside risks facing the global economy, which indicates that faster growth in GDP may occur.

Economic growth is expected to improve international trade flows. Exports were a major driver of growth in 2009 just after the recession but have cooled off since 2011. Overall, exports are expected to pick up and help propel domestic U.S. growth along with an improving global economy, but likely not right away. The fundamentals underlying the mess in Europe remain unresolved and China's growth has slowed – at least temporarily – over the past year or so.

The U.S. economy is expected to grow annually at between 2.6 percent and 3.1 percent over the next five years. The economy is bolstered by continued growth in housing, ripple effects of the unconventional oil and gas boom, faster pace of capital spending, and steady growth in consumer spending.

Other emerging markets will also perform a little better. The global environment facing emerging markets will be more growth-friendly than it has been in the last three years. U.S. and Chinese growth will be a little stronger and the Eurozone will no longer be a drag on the world economy. This means that emerging-market exports will again become a source of growth.

5.3.2 Oregon Trends

Employment growth in Oregon is expected to continue and job gains are spreading further across the state with half of the recent gains outside the Portland Metro area. The Oregon Office of Economic Analysis is projecting that there will be 245,000 new jobs by 2020. Much of this gain is expected to be in professional and health services but

³"Comprehensive Economic Development Strategy (CEDs) 2014–2018," prepared by CCD Business Development Corporation, page 12, accessed on 13 March 2015, available at <http://www.co.curry.or.us/Portals/0/CEDS%20Plan%20CCD.pdf>.

manufacturing and construction are also expected to add jobs. Growth in trade and other service categories is expected to be more measured.

Several demographic trends are expected to influence Coos County and the surrounding region. The baby boom generation will continue to age, accompanied by increases in life expectancy. Given these demographic influences, there will continue to be a need for replacement workers. There will continue to be in-migration to Oregon from other states. Most of the population growth is expected to occur in the Willamette Valley but some will also occur in Coos County and southwest Oregon.

With respect to personal income, education will continue to be a key determinant of wages and household income. State forecasters expect that wage gains will grow as rapidly as the rate of inflation, although just barely.

Demand for labor will be negatively impacted by continued increases in labor productivity. There will also be a continued shift of employment from manufacturing and resource-intensive industries to the service-oriented sectors of the economy. However, the manufacturing sector will continue to have heightened importance to Oregon's economy. In addition, small businesses are expected to continue to account for over 50 percent of employment in Oregon.

5.3.3 Regional Trends

The population in Coos County and the surrounding region continues to age with the aging baby boom population and the growth of the retirement age population. Younger residents are seeking employment elsewhere to find family-wage jobs. As noted in the recently completed CEDS for Coos, Curry, and Douglas counties:

- *The loss of younger age cohorts presents a challenge in developing a strong workforce for the future as the younger populations are declining in the area.*
- *Coos, Curry and Douglas counties continue to recover from the 2008 economic recession, which resulted in major structural changes to the economy. Lasting impacts of the recession include high levels of long term unemployed, mismatch of employer needs/worker skills and persistent economic challenges in rural areas.*
- *The region enjoys a competitive advantage in the following industries: forest products; ocean/fisheries; metals, machinery and equipment; tourism.*
- *Economic forecasts predict that the regional growth will continue to lag behind the urban areas of the state, suggesting the need to continue to invest in projects and activities that lead to economic diversification, job growth, and improved community services just as the Regional Board has done in the past.⁴*

This underscores the importance of the development of family-wage jobs at the Port.

⁴"Comprehensive Economic Development Strategy (CEDS) 2014–2018," prepared by CCD Business Development Corporation, accessed on 13 March 2015, available at <http://www.co.curry.or.us/Portals/0/CEDS%20Plan%20CCD.pdf>.

5.4 Market Opportunities

The Port provides infrastructure that is critical to the continued success of local employers. The Port should continue to focus on three areas: the Charleston Marina complex, marine commerce, and the Coos Bay rail line. A summary of these market opportunities is provided below and the capital improvement plan (section 6.1) describes projects to capitalize on these opportunities.

5.4.1 Charleston Marina Complex

The Charleston Marina complex supports both the commercial seafood industry and the visitor industry. The local commercial seafood industry includes a number of interrelated business types, including commercial fishing vessels, vessel supply and repair, seafood processing, and seafood retail. The local visitor industry is supported by the boat launch ramp, vessel moorage, RV Park, retail, and restaurants in and near the marina. The U.S. Coast Guard, also based at the marina, provides critical services to both the commercial and recreational sectors. Continued Port investment in the marina complex is key to the success of these sectors.

5.4.2 Marine Commerce

Support to marine commerce was the original reason for creation of the Port more than 100 years ago, and continues to be a key focus today. Toward this end, the Port has been pursuing a number of goals. These include deepening and widening the navigation channel, supporting the development of an LNG terminal, creating a new multipurpose, multimodal cargo facility, and responding to inquiries from potential marine cargo tenants. Potential new cargoes have included dry bulk, liquid bulk, and general cargo.

The proposed navigation system improvements will not only benefit the potential new LNG terminal, but existing shippers as well, because it will allow larger vessels to navigate the channel safely. The improved channel also enhances the competitiveness of Coos Bay relative to other ports in the region, allowing the Port to pursue additional cargo opportunities.

5.4.3 Coos Bay Rail Link - CBR

The growth in carload traffic on the Coos Bay rail line demonstrates the importance to local shippers of this Port investment. The railroad helps local employers by reducing their transportation costs, thereby making them more competitive with suppliers from other regions. By continuing to upgrade rail infrastructure, the Port and the CBR increase the likelihood of generating additional volumes from existing shippers, as well as attracting new business. In addition, upgrading the rail infrastructure increases viability of the Port's marine commerce investments.

6.0 STRATEGIC BUSINESS PLAN

The state template identifies five elements that must be included in a local Oregon port strategic business plan. The following sections identify the Port's goals and policies related to capital improvements, management, finance, environment, and marketing. These goals and policies will help guide the Port's economic development activities over

the 20-year planning horizon. Each section provides an overview of the element, Port-wide goals and policies, and, where applicable, goals and policies specific to each business line (Charleston, North Spit, Upper Bay, East Bay, and CBR).

6.1 Capital Improvement Plan

The Port’s capital improvement plan identifies the highest-priority capital improvement projects to facilitate economic development opportunities and the continued success of Port operations and facilities. Table 12 lists each project, a planning level cost estimate, timeline or status for project completion, and the associated business line. These capital improvement projects do not represent all projects being pursued by the Port, but instead, the highest priority projects across all Port business lines. Additional project opportunities are identified in tables 13 through 16 and in other plans completed by the Port and its strategic partners, as listed in section 4.0.

Table 12. Five-Year Capital Improvement Plan

	Capital Improvements	2015 Cost Estimate	Timeline/Status	Business Line
CBR Bridge, Tunnel, and Track Rehabilitation/Improvements	<ul style="list-style-type: none"> • Swing-span and other bridge rehabilitation. • Track improvements. 	\$12.5 million	<ul style="list-style-type: none"> • Lottery Bonds Grant agreement for \$10 million in 2015 to 2016 <ul style="list-style-type: none"> - allocated in 2013. - Planned for rehabilitation of swing-span bridges and other bridge structures - Some funds may be used for track improvements • \$2.5 million in 2015/2016 <ul style="list-style-type: none"> - \$2 million is part of ConnectOregon V - \$500,000 is from IFA as required match 	CBR
CBR Access Improvements	Industrial rail spurs in Millington Industrial Area and additional rail infrastructure on the North Spit. Additional industrial sites along the rail corridor not included in the CIP are described in Appendix D.	\$6 million	Planned in 12 to 18 months	CBR
Charleston Dock Improvements	<ul style="list-style-type: none"> • Replacement of the T’s at B, C, D, F docks. • Ice dock improvements, including condenser replacement. 	<ul style="list-style-type: none"> • \$6.03 million for dock replacements • \$500,000 for commercial dock upgrades (assumes 10K SF) 	Planned for FY 2016/2017	Charleston

	Capital Improvements	2015 Cost Estimate	Timeline/Status	Business Line
	<ul style="list-style-type: none"> Creosote piling removal. 	<ul style="list-style-type: none"> \$60,000 - Ice dock condenser \$10,000 - Ice dock roofing replacement \$425,000 - Creosote piling removal and steel pile replacement (assume 50 piles) 		
Charleston Marina RV Park and Building Improvements	Small building improvements (not the recreation building), including new roof and other improvements. Ongoing RV park improvements, including security upgrades.	\$250,000	Planned for 2nd quarter 2015	Charleston
Boatyard Travel Lift	New travel lift to serve local/ regional fleet. Travel lift size 110 ton.	\$600,000 (Additional costs for support pier upgrades)	<ul style="list-style-type: none"> Planned for 2nd quarter 2015 with upgrades to pier Based on loan from IFA 	Charleston
Boatyard Travel Lift Slip Improvements	Widen and deepen the travel lift slip to allow the full use of the new lift.	\$600,000	Planned for 2017	Charleston
Boatyard Marine Ways Repair/ Replacement	Assume pile-supported ways; rail replacement; miscellaneous upland improvements	Replacement: \$2 million Repair: \$250,000	Planned for 2018 to 2020	Charleston
Boatyard Work Dock Improvements	Assume 2,250-SF pile supported dock demolition/ replacement	\$800,000	Planned in 3 to 5 years	Charleston
Dredging – Charleston Marina and Boatyard	Annual maintenance dredging of the Charleston Marina and Boatyard	\$7.20 per cubic yard of dredge material (shared cost between Port and the State)	<ul style="list-style-type: none"> Ongoing/annual maintenance Work will occur in conjunction with South Coast Ports Coalition dredging 	Charleston
Oregon Gateway^a	North Spit Multipurpose/ Multimodal Cargo Terminal.	Basic multimodal marine facility: \$80-\$100 million Bulk facility: \$200-\$350 million Intermodal container facility: \$400-\$700 million	<ul style="list-style-type: none"> Timing of multipurpose/ multimodal cargo terminal depends on Jordan Cove: this site will be used for construction laydown for Jordan Cove project 	North Spit

	Capital Improvements	2015 Cost Estimate	Timeline/Status	Business Line
Bulk Commodities	Develop sites for bulk commodities. Potential sites include Roseburg, South Port, and between DB Western. Finding enough acreage is a challenge.	Bulk facility: \$200 to \$350 million	Phased approach including: <ul style="list-style-type: none"> • Phase 1: Due diligence and planning • Phase 2: Preliminary design and engineering • Phase 3: Design development and final engineering • Phase 4: Construction engineering 	North Spit
Channel Deepening^b	Modifications to the federal navigation project at Coos Bay, Oregon include both widening and deepening. Project alternatives being evaluated range from no structural modifications to widening to a nominal 450' width and 45' depth.	Up to \$500 million	Ongoing economic and environmental impact analysis. Initiation of construction anticipated for 4th quarter 2018.	Navigation
Total		Approx. \$800 million to \$1.5 billion^c		

^a Oregon Gateway is a broad term that covers a variety of cargo terminal proposals on the North Spit of lower Coos Bay.

^b Technically this project is not a capital improvement project because the Coos Bay navigation channel is federal infrastructure. However, because of the size, nature and importance of the project it is listed here.

^cCost does not include dredging costs of \$7.20 per cubic yard of dredged material.

Note: Cost estimates do not include design engineering, construction management, inspections, permitting, or mitigation.

6.2 Project Opportunities

The tables below provide an overview of Port project opportunities including those identified in the capital improvement plan, as well as medium and low priority projects not included in the capital improvement plan. These projects are presented by business line and represent Port priorities over the 20-year planning horizon. Charleston boatyard improvements are graphically presented in Figure 5.

Table 13. Charleston Project Opportunities

	Project and Description	Priority	Existing Zoning	Potential Conflicts with Land Use and/or Development Regulations
Marina Complex	Replacement of T's at B, C, D, F docks. Upgrades to commercial fishing dock. Ice dock improvements, including condenser replacement. Creosote piling removal.	High	66B-CA; 66A-DA	Permitted use; no land use conflicts anticipated. Federal permits will be needed for in-water work.
	RV park small building improvements (not the recreation building), including new roof and other improvements. Ongoing RV park improvements, including security upgrades.		66-UW	No land use or regulatory conflicts anticipated.

	Project and Description	Priority	Existing Zoning	Potential Conflicts with Land Use and/or Development Regulations
Marina Complex	Storage unit expansion and dry storage improvements.*	Medium	66-UW	Permitted use; no land use or regulatory conflicts anticipated; building permit likely required.
	Drainage improvements on south side of storage buildings.	Medium	66-UW	No land use or regulatory conflicts anticipated; Department of Environmental Quality permit may be required.
	Marina repairs and improvements: commercial building repairs for all marina buildings, technology improvements at RV park (Wi-Fi and satellite), security upgrades, and provision for designated pedestrian unloading area with footpath.			No land use or regulatory conflicts anticipated.
	Additional yurt at RV park.			Permitted use; no land use or regulatory conflicts anticipated.
	Pedestrian improvements in marina: sidewalk along south side of Guano Rock Lane, viewing platform, elevated walkway, and interpretive signage.*	Low	66-UW	No land use or regulatory conflicts anticipated.
	Landscaping on Kingfisher Drive.*			No land use or regulatory conflicts anticipated.
	Dog park at RV park.*			No land use or regulatory conflicts anticipated.
Boatyard	New travel lift: existing lift is at end of its useful life.* ^a	High	61-UW	No land use or regulatory conflicts anticipated – a new travel lift does not impact land use.
	Repair/replace existing marine ways – critical to retaining existing lease.*			Permitted use; no land use conflicts anticipated. Federal permits will be needed for in-water work.
	Widen and deepen travel lift slip – the new travel lift would be useable without this improvement; however, a wider and deeper slip will allow the lift to be used to full capacity.			Permitted use; no land use conflicts anticipated. Federal permits will be needed for in-water work.
	Work dock improvements	Medium	61-UW	Permitted use; no land use conflicts anticipated. Federal permits will be needed for in-water work.
	Implement erosion control at boatyard. ^b		61-UW; 63A-NA	No land use or regulatory conflicts anticipated; DEQ permit may be needed.
	Develop boatyard plan to further define boatyard needs.		61-UW; 63A-NA	Planning document; no land use or regulatory conflicts anticipated in 61-UW; Industrial and port facilities are not permitted uses in the 63A-NA - it is recommended that the Port work with Coos County to verify the location of the management designation and seek a new designation for property that includes existing boatyard facilities.
Fenced storage along west side of Troller Road.*		61-UW	No land use or regulatory conflicts anticipated.	

	Project and Description	Priority	Existing Zoning	Potential Conflicts with Land Use and/or Development Regulations
Boatyard	Troller Road improvements, including designated parking and filling of potholes.*	Medium	61-UW	No land use or regulatory conflicts anticipated
	Construct multi-purpose buildings.*	Low	61-UW	No land use or regulatory conflicts anticipated; building permits will be required.
	Expand shoreside capacity.*		61-UW	Permits will be needed for in-water work.
	Expand restroom facilities.*		61-UW	No land use or regulatory conflicts anticipated; building permits will be required.

*Identified in 2013 Charleston Master Plan.

^aThe purchase of a new travel lift is the highest priority for the Charleston boatyard.

^bErosion control measures are a medium-high priority for the boatyard.

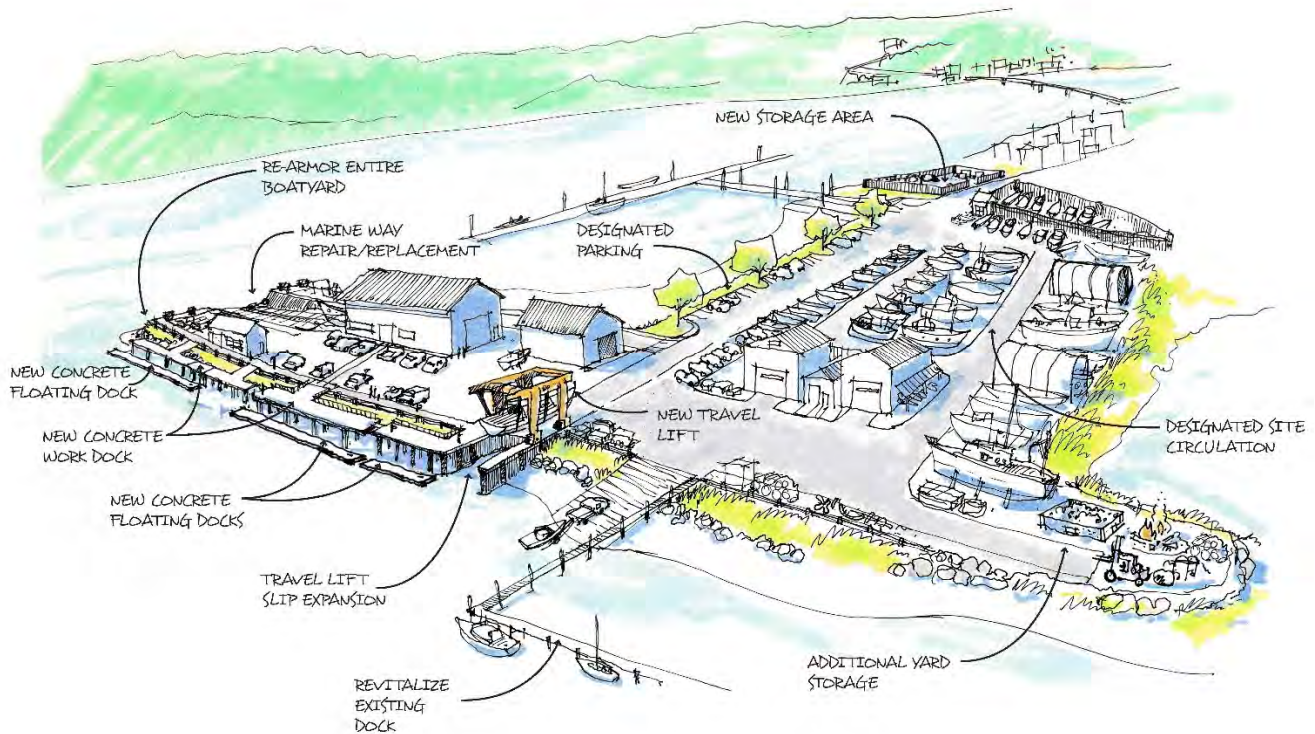


Figure 5. Boatyard Improvements

Table 14. North Spit Project Opportunities

Project and Description	Priority	Existing Zoning	Potential Conflicts with Land Use and/or Development Regulations
Oregon Gateway: North Spit Multipurpose/Multimodal Cargo Terminal.	High	05-WD; 05-DA	Industrial facilities are permitted in the 05-WD management unit. The County CBEMP does not provide an objective or allowed uses for the 05-DA management unit.
Develop site for bulk commodities. Potential sites include Roseburg, South Port, and between DB Western. Finding enough acreage is a challenge.		03-WD	Permitted use; no land use conflicts anticipated.
Channel deepening from lower bay to North Spit Terminal.		Multiple Aquatic Zones	Permits required.
Ocean outfall.	Medium	N/A	Permits required.

Table 15. CBR Project Opportunities

Project and Description	Priority	Existing Zoning	Potential Conflicts with Land Use and/or Development Regulations
Bridge (swing-span and others), tunnel, and track structure rehabilitation.	High	Multiple	No land use conflicts anticipated; funding allocated from state legislature, ConnectOregon V, and IFA.
Access improvements: industrial rail spurs in Millington Industrial Area and additional rail infrastructure on the North Spit.		Multiple	No land use conflicts anticipated; permits will likely be required.
Interchange infrastructure.	Medium	TBD	No land use conflicts anticipated
Assessment of potential rail-served industrial properties in western Douglas & Lane counties.		N/A	Assessment/planning project; no land use conflicts anticipated.

Table 16. Upper Bay and East Bay Project Opportunities

Project and Description	Priority	Existing Zoning	Potential Conflicts with Land Use and/or Development Regulations
Explore redevelopment opportunities of Port-owned terminals.	Low	N/A	Feasibility assessment; no zoning conflicts are anticipated.
Explore partnership opportunities with cities of Coos Bay and North Bend to develop waterfront trail.		N/A	Likely city-led project. Some siting challenges exist relative to CBR.
East Bay property: mitigation is most likely use of the East Bay property due to environmental constraints. Sale/lease to public/private entity may be considered.		Multiple	Environmental constraints exist that make redevelopment cost-prohibitive. Permits would be required for mitigation use.

6.3 Management Plan

The Port's existing personnel and management policies govern the successful management of the Port's assets and facilities while strengthening the effectiveness of its personnel and Commission. Existing management and personnel policies are included in Appendix G. As Chapter 1 of the Port's policy manual states, the Chief Executive Officer is responsible for regular updates of the manual. In addition to the existing goals and policies, we recommend that the Commission adopt the following goals and policies to ensure the Port's continued success.

Goal 1: Develop a management plan that enables Port Commissioners and staff to achieve the Port's mission and prioritize economic development opportunities within the district.

Policy 1.1: Prioritize projects and identify target businesses and potential partnership opportunities with public and private entities that will leverage Port resources.

Strategy 1.1.1: Annually review and update the capital facilities plan and develop a list of priority projects in conjunction with the budget development process.

Strategy 1.1.2: Pursue partnership opportunities with private businesses to develop industrial/commercial facilities that meet market demand and provide greater economic development opportunities within the district.

Strategy 1.1.3: Integrate the strategic business plan as a planning tool and review its key projects and policies annually in conjunction with budget meetings.

Policy 1.2: Maintain and optimize marine assets.

Strategy 1.2.1: Develop a set of metrics to evaluate projects and properties, including underutilized and vacant properties.

Strategy 1.2.2: Lease marine facilities, but do not sell marine assets.

Strategy 1.2.3: Reserve waterfront property for water-dependent development and give priority to business opportunities that include a rail component.

Policy 1.3: Port Commission members and staff will participate in inter-governmental forums related to target industry development.

Strategy 1.3.1: Sustain and leverage current partnerships with the South Coast Development Council and CCD as prime examples of inter-governmental coordination needed to develop projects, even if the Port is not the lead agency.

Strategy 1.3.2: Maintain focus on the Port's vision, mission, and target industries in the pursuit of partnership opportunities.

Goal 2. Enhance the existing ability of the Port Commission and professional staff.

Policy 2.1: The Port will provide appropriate training opportunities to enable ongoing professional development of Commissioners and staff.

Strategy 2.1.1: Plan and budget for periodic training opportunities to allow Port Commissioners and staff to gain knowledge relevant to their positions.

Strategy 2.1.2: Encourage Commissioner and staff participation in professional organizations (e.g., Pacific Northwest Waterways Association, Oregon Public Ports Association, Southwest Area Commission on Transportation, American Association of Port Authorities, Special Districts Association of Oregon, and other entities).

6.4 Financial Plan

In conjunction with the development of this strategic plan, the consultant team prepared a financial plan. A summary of key recommended goals, policies, and strategies follows and the full financial plan is included as Appendix H. In addition, the Port’s existing financial policies are included in Appendix G.

Overall financial recommendations are aimed at maintaining fiscal success.

Goal 1. Maintain an operating reserve of 90 days of expenditures.

Goal 2. Adopt a policy to ensure adequate return on Port real estate development investments.

Policy 2.1: Seek a return on investment of 8 to 10 percent per annum (based on Port investment expenditures and proceeds for a specified project).

Goal 3. Maintain lease rates equivalent to the market rate.⁵

Strategy 3.1.1: Establish leasing policies that offer the Port flexibility to respond to changing economic conditions and ensure highest and best use of Port properties. Items to consider in a lease include, but are not limited to, performance bonds, performance incentives, termination options, terms, limited renewal options, escalators, reopener provisions, and maintenance provisions.

6.4.1 Charleston

The Port has undertaken numerous upgrades in Charleston in recent years and more are required in the future to maintain the long-term success of the Charleston Marina, RV Park, and boatyard.

⁵ In support of Goal 3, it is recommended that the Port retain its existing policy to review an update lease rates in conjunction with the annual budget development process.

Goal: To be a responsible steward of the marine assets that support the commercial fishing industry, recreational boaters, and tourists that visit the Charleston area.

Strategy 1: Achieve target occupancy and/or utilization rates at all assets while maintaining market rates.

Strategy 2: Generate new revenue by improving site layout and increasing asset utilization rates.

Strategy 3: Evaluate means to reduce operations and maintenance costs.

Strategy 4: Acquire or dispose of assets as circumstances warrant.

Strategy 5: Seek public/private partnerships to provide required facilities and services.

Strategy 6: Leverage Port funding capabilities with public and private funds.

Strategy 7: Continue to work with the South Coast Ports Coalition on a solution to annual maintenance dredging, and ensure proper reserve coverage to support the Port's contribution to these efforts.

6.4.2 North Spit

Goal: Develop or assist in the development of marine terminals and industrial facilities that would enhance the available employment opportunities in the Coos Bay region.

Strategy 1: Continue with existing and seek new public/private partnerships to provide required facilities and services.

Strategy 2: Leverage Port funding capabilities with other public and private funds.

Strategy 3: Determine operating or landlord status of new Port-owned facilities based on their financial performance.

Strategy 4: Acquire or dispose of assets as circumstances warrant.

6.4.3 Upper Bay

The Port owns several facilities in the Upper Bay that are in various stages of disrepair. The Port's overall financial objective for the Upper Bay is to be a responsible steward of these assets while also realizing that rebuilding some of these structures may be very costly and may provide uncertain revenue streams because of weak market conditions and a lack of upland acreage. In addition to facility ownership, the Port also serves as the lead local agency for dredging and navigation improvements that enhance utilization by private and public terminals.

Goal: Develop a plan to address Upper Bay properties that considers the Port's responsibility to maintain its assets while acknowledging the challenges associated with weak market conditions and limited upland acreage.

Strategy 1: Seek new markets for underutilized terminals at market rates. If new markets are not considered viable, then consider demolishing underperforming terminals or docks.

Strategy 2: Acquire or dispose of assets as circumstances warrant.

Strategy 3: Leverage Port funding capabilities with other public and private funds.

Strategy 4: Seek public/private partnerships to provide required facilities and services.

6.4.4 East Bay

Goal: Determine the value of the East Bay properties in meeting the Port's vision and mission.

Strategy 1: Acquire or dispose of assets as circumstances warrant.

Strategy 2: Seek public/private partnerships to provide required facilities and services.

Strategy 3: Assess the value of this property as a future mitigation site.

6.4.5 Coos Bay Rail Link

The Port and the CBR operator have a sustained track record of providing rail service to existing customers. The economic value of the CBR is very positive within the Coos Bay (and greater) region. The opportunity to provide rail service to marine terminals appears viable. The Port has undertaken numerous upgrades in recent years and more are required in the future.

Goal: Continue to increase rail service and the economic value of the CBR.

Strategy 1: Continue to cover operations and maintenance costs by operating revenues.

Strategy 2: Achieve market rates for rail service in coordination with users and the Class I railroad.

Strategy 3: Generate new revenue by increasing the number of railcars from existing and new customers.

Strategy 4: As additional business is developed, additional funds for capital improvements will become available that could assist with future capital improvements.

Strategy 5: Leverage Port funding capabilities with other public and private funds.

Strategy 6: Seek public/private partnerships to provide required facilities and services.

6.5 Environmental Plan

The Port's goals include managing operations and facilities in an environmentally responsible manner. The Board adopted green policies in 2009 and they are included in Appendix G. The Port also maintains "clean marina" and "clean shipyard" certifications from the OSMB and implements the OSMB's best management practices at the Charleston Marina and boatyard. In addition to the existing environmental policies, the following goals, policies, and strategies are proposed to assist the Port in maintaining its commitment to sound environmental stewardship.

Goal 1: Continue to operate Port facilities consistent with established best management practices, including Clean Marina and Clean Boatyard programs.

Policy 1.1: Review and, as necessary, update green policies and best management practices annually to ensure compliance with current environmental regulations and balance economic development opportunities with regional sustainability.

Strategy 1.1.1: Work with local representatives to address environmental concerns and engage community input as needed for special projects.

Strategy 1.1.2: Share resources, funds, and opportunities with local and regional partners as appropriate to achieve common environmental goals and projects.

Policy 1.2: Maintain clean marina and clean boatyard certifications through the OSMB.

6.6 Marketing Plan

Goal 1: Market the Port district, its services, assets, opportunities, innovations, and communities in three focused areas: (1) Recruit international, national, and local businesses for site development; (2) Secure commercial tenants for existing facilities and business lines; (3) Explore tourism and recreation development potential.

Policy 1.1: The Port will work to develop marketing materials that focus on the Port district and local community assets, resources, job opportunities, and land availability.

Strategy 1.1.1: Continue to partner with the Coos Bay – North Bend Visitor and Convention Bureau to market the Charleston Marina and RV Park.

Strategy 1.1.2: Partner with district communities to ensure the promotion of distinct market advantages, assets, opportunities, and synergies in marketing efforts.

Strategy 1.1.3: Continue to support the CBR in its marketing efforts on a regional and national level.

Strategy 1.1.4: Market directly to target industries and businesses that are most likely to locate in the Coos Bay area.

Strategy 1.1.5: Identify opportunities to market the Port nationally and internationally and secure additional cargo shipment partners.

7.0 IMPLEMENTATION AND ACTION PLAN

The Port's strategic business plan is designed to be a working document and will require ongoing review and updates to successfully complete the planned capital, marketing, and maintenance projects. Table 17 sets out an action plan for the Port's identified high-priority projects. This action plan should be reviewed annually in conjunction with the Port's budget development process, and may be updated as needed.

Table 17. Action Plan

Project	Timeline	Potential Funding Sources	Action Plan	Business Line
CBR Bridge, Tunnel and Track Structure Rehabilitation <ul style="list-style-type: none"> Swing-span and other bridge rehabilitation. Track improvements. 	2015 - 2016	<ul style="list-style-type: none"> Lottery Bonds Grant agreement for \$10 million in 2015 to 2016 - allocated in 2013. Planned for rehabilitation of swing-span bridges and other bridge structures Some funds may be used for track improvements \$2.5 million in 2015/2016 \$2 million is part of ConnectOregon V \$500,000 is from IFA as required match 	<ul style="list-style-type: none"> Continue to identify funding sources and pursue loan/grant funding for ongoing rehabilitation and improvements. Continue to pursue opportunities to partner with Lane and Douglas counties on grant opportunities. Continue to enhance service in pursuit of 1 to 2 unit trains per day. 	CBR
CBR Access Improvements Industrial rail spurs in Millington Industrial Area and additional rail infrastructure on the North Spit.	2015 - 2016	IFA loan/grant Transportation funds such as ConnectOregon and TIGER grants	<ul style="list-style-type: none"> Continue to identify potential industrial users. Continue to pursue funding sources Seek to leverage funding with private investment and job creation. 	CBR
Charleston Dock Improvements <ul style="list-style-type: none"> Replace the "T's" at B, C, D, F docks. Upgrade commercial fishing dock. Make ice dock improvements, including condenser replacement. Remove creosote pilings. 	2015 - 2016	OMB, IFA, or EDA loan/grant	<ul style="list-style-type: none"> Identify funding sources and/or grant opportunities. Identify required permits. Obtain cost estimates for engineering and permitting as needed. 	Charleston
Charleston Marina and Building Improvements <ul style="list-style-type: none"> Small building improvements (not the recreation building), including new roof and other improvements. Ongoing RV park improvements, including security upgrades. 	Mid - 2015	IFA loan/potential public private partnership from The OMB, IFA, CDBG, and EDA.	<ul style="list-style-type: none"> Pursue funding and/or grant opportunities. Identify required permits. 	Charleston

Project	Timeline	Potential Funding Sources	Action Plan	Business Line
Boatyard Travel Lift New travel lift to serve local/regional fleet. Travel lift size, 110 tons.	Mid - 2015	Based on loan from IFA	Port has identified a 110-ton lift as the appropriate size to serve the local/regional fleet	Charleston
Boatyard Travel Lift Slip Improvements	2017	IFA loan/grant	<ul style="list-style-type: none"> Identify funding sources and permitting requirements Explore public/private partnership opportunities 	Charleston
Boatyard Marine Ways Repair/ Replacement	2015 - 2016	IFA loan/grant	<ul style="list-style-type: none"> Identify funding sources and permitting requirements. Explore public/private partnership opportunities. 	Charleston
Boatyard Work Dock Improvements	2015 - 2016	IFA loan/grant	<ul style="list-style-type: none"> Identify funding sources and permitting requirements. Explore public/private partnership opportunities. 	Charleston
Dredging - Charleston Marina and Boatyard	Ongoing/ Annual Maintenance	Port reserve funds and IFA	Continue to coordinate with South Coast ports and the state to complete and implement the "Dredge Equipment Operational Analysis and Business Plan."	Charleston
Oregon Gateway^a Multipurpose/ Multimodal Cargo Terminal.	2015 - 2020	TBD	Timing of multipurpose/multimodal cargo terminal depends on Jordan Cove: this site will be used for construction laydown for Jordan Cove project	North Spit
Bulk Commodities: Develop sites for bulk commodities. Potential sites include Roseburg, South Port, and between DB Western. Finding enough acreage is a challenge	2015 - 2020	IFA loan/grants possible public/private partnership	<ul style="list-style-type: none"> Continue to identify potential sites. Identify any potential land use or regulatory conflicts following site selection. Explore public/private partnership opportunities. 	North Spit
Channel Deepening: Channel deepening from the lower bay to North Spit Terminal	Ongoing economic and environmental impact analysis. Initiation of construction anticipated for 4th quarter 2018.	Public/private partnership	Studies are currently in process.	Navigation

^a This broad term covers the Jordan Cove facility and a variety of cargo terminal proposals on the North Spit of lower Coos Bay.

8.0 ATTACHMENTS AND EXHIBITS

**Oregon International Port of Coos Bay
Strategic Business Plan
Coos Bay, Oregon**

**Appendix A
Public Outreach Summary**

Oregon International Port of Coos Bay Strategic Business Plan Stakeholder Interview Summary

The Oregon International Port of Coos Bay is working on its long-term 2014 Strategic Business Plan. This plan will be an update of previous planning efforts, and will be inclusive of all Port operations and projects. Input from tenants and project partners, as well as business and community leaders, will help identify strategic goals and initiatives needed to enhance job creation in the region. Input was also solicited regarding improved transportation infrastructure needs, and increased utilization of the Coos Bay harbor and the federally-authorized navigation system. To accomplish that, the Port's consultant, BergerABAM, conducted a series of stakeholder interviews October 28-29, 2013 with 19 community members reflecting diverse perspectives. Interviewers posed a total of 13 questions seeking to understand individual and organizational perspectives.

1. How would you define the geographic extent of the primary and secondary market areas for your business (or for your area of expertise, or constituents)?

Because Coos Bay is truly an international port, the stakeholder responses to this question ranged from very local to worldwide. The preponderance of export shipping focused on the Pacific Rim, with regional connections to the West Coast from British Columbia to California, southwest Oregon, and the south Willamette Valley. Specific responses included:

- South and Central Oregon Coast
- Medford to Eugene
- Charleston is home port; market is worldwide
- Asia, Hawaii, and South Pacific Islands
- Worldwide
- Japan, China, and British Columbia
- West Coast (California to Alaska)
- Local Coos Bay area

2. What are the general location advantages for your business (or other local businesses) in terms of the relative cost of doing business, attracting jobs, and other factors?

Interview respondents found a lot to like about their location in the Coos Bay area. The primary benefits identified are the central location of the Port for both shipping to Asia and for nearby fishery resources, and the quality of the bay itself and related support services. The railroad and improved highway access inland was also a plus. The location was less favorable for attracting destination tourism, but the stakeholders universally agreed on the

high quality of life and the cultural, educational, and natural amenities found here. More specific comments included:

Port

- Lower bay terminals well located, but more needed
- History as industrial port
- Good access to Asia
- Available land
- Deep-water port with central location for fisheries and good access to Asia
- One of very few west coast shipyards
- Safe bar crossing and a clean marina

Transportation

- Long distance to Interstate 5 (I-5) a disadvantage for shipping product by truck
- Coos Bay Rail Link (CBR) is a great inland transport facility that will become increasingly important
- Highway transport to I-5 via Hwy 38 and Hwy 42S is adequate
- Costs are higher due to remoteness
- With the Coos Bay rail line purchase, the Port can improve access to the US rail system

Tourism

- Lack feeder market from metro areas
- Compete with larger, better-known destinations
- Relative costs to visitors is lower
- Charleston is 10 miles from Hwy 101
- Many businesses are seasonal

General

- Excellent quality of life
- Culture: good arts community, performing arts via Southwestern Oregon Community College, museums, etc.
- Ideal place to teach marine biology
- Natural resource abundance
- The Port is located convenient to many markets, and is “positioned to peak”

3. What do you feel are the Coos Bay/North Bend/Charleston area’s greatest assets for retaining and attracting business and industry?

The following table gives a series of snapshot responses regarding stakeholders’ assessments of area assets.

Port of Coos Bay Strategic Business Plan

Interview Summary – November 2013

ASSETS	COMMENTS
Access to local markets and customers	<ul style="list-style-type: none"> • Small local population base. Focus on exports • Pacific seafood processor a plus
Adequate public infrastructure (transportation, utilities, etc.)	<ul style="list-style-type: none"> • Improved roads to valley and new railroads (RR) are good. • Need at least one more terminal • Need ocean sanitary outfall • Adequate and important to business operations • North Bend (NB) and Coos Bay (CB) water upgrades completed for \$12 M • Sanitary: NB has 50% capacity; and CB completing \$80 M upgrades via one new wastewater treatment plant and one upgraded plant
General business climate (relative cost of running a business)	<ul style="list-style-type: none"> • Improving – log shipment increasing • Concern that regulations can constrain business • Not attracting new businesses • Relatively less expensive compared to other Oregon communities
Available, skilled workforce	<ul style="list-style-type: none"> • Good availability of skilled union workers • Adequate crew and ship maintenance skills • Young workers drawn to cities • Drug problems with lower-skilled • Community college tries to deliver training • Workers generally available for most jobs • Difficult to attract and find skilled workers
Interaction with firms in the same and/or related industries	<ul style="list-style-type: none"> • Boost Oregon campaign is positive • Bandon Dunes a good attractor • Good interaction with legislators • Emerging retail clusters • Very positive for liquefied natural gas (LNG) • Positive for log shipping and domestic transport
Business marketing/development assistance and information	<ul style="list-style-type: none"> • South Coast Development Council and Chamber okay, but could do better • Business Oregon should be more engaged • Local businesses do not take full advantage of marketing • Don't focus entirely on LNG • CBR does good job of promoting product as well as hauling • Port has provided good assistance
Proximity to Highway 101 and inland access to I-5, and to other transportation corridors (i.e. marine, rail and airborne commerce)	<ul style="list-style-type: none"> • Increase rail commodity shipping • 101 not relevant to many businesses • Inland roads and RR have improved • Airport and Bandon Dunes shuttle are good • Very positive for shipping
Quality of life	<ul style="list-style-type: none"> • Excellent • Good for raising kids, but lack of opportunities cause out migration
Other Assets	<ul style="list-style-type: none"> • People and businesses very community oriented. • Entrepreneurial spirit • Abundant natural resources

4. **The Port has developed several key business units, including the Coos Bay rail line, Charleston Marina, RV Park and Shipyard, marine industrial sites on the North Spit of lower Coos Bay, upper bay waterfront properties, as well as potential development and/or future use of its eastside property. Are you familiar with the Port properties, and do you have input on what should be done to enhance job growth for one or more of these business lines?**

Answers to this question were as diverse as the stakeholders. Bay and North Spit improvement needs dominated most responses. There was some interest as well in rethinking activities, services, amenities at Charleston. Specific answers included:

Charleston

- Marina important for tourists
- Consider RV Park space – is this the highest and best use for this property?
- Shift away from Charleston to marine focus
- Support commercial fleet
- Move/create Charleston businesses closer to the water, and expand parking
- Aesthetics and security are important. Destination must be attractive and feel safe

Bay and North Spit

- More berths below the RR bridge
- Need public dock for niche cargo
- Expand terminal capacity
- Barge shipping option from North Spit.
- Shipping dock west of rail bridge in coordination with LNG development
- Dredging needed to include a deep channel in the upper bay
- Increase coordination (SCDC), create a shared vision and enhance coordination
- Acquire and assemble vacant and underutilized employment land
- CBR should be the focus, and is the “lifeblood to Coos Bay”
- LNG makes the Port more viable, and is a foundation-building project
- Dredging of the lower bay is key

General

- Need to expand existing markets (industry, marine)
- Port needs to FOCUS – too random in approach
- Diversify from forest products
- Focus on industrial, rail connected sites
- Oregon Institute of Marine Biology partnership
- Wind/wave energy
- Avoid the coal export business

5. What are the top three strategic projects or initiatives you would like the Port of Coos Bay to consider? What types of land and/or economic development actions or incentives are most needed in Coos Bay/North Bend/Charleston and along the Coos Bay rail line to nurture job growth and private investment?

Again, top priorities depended on who was asked. There is a common theme, however, that emphasizes the need for more infrastructure to support shipping along with a clear desire for strategic planning and coordination of activities, including:

Expand development

- Support LNG terminal project and expand industrial development
- Develop another log shipping dock location
- Channel deepening
- Terminal infrastructure improvements
- North Spit industrial expansion
- Multimodal dock space
- Expand shipyard/travel lift
- Cold storage could attract more ships and processors

Railroad

- Invest in RR. Increase daily runs. Provide more spurs
- Upgrade RR to 40 mph on all track
- Continue to expand and upgrade CBR

General

- Keep small boat economy viable. Careful with rate increases
- Expand parking options, including school busses, for new Marine Life Center
- Keep up maintenance on cleaning stations, restrooms, etc.
- Focus on creating water views when siting restaurants, hotels, and other business
- Follow up on peer review tug study and expand fleet
- Develop incentives, such as tax deferrals or reductions, to attract businesses
- Coos Bay Estuary Plan Update to get underway, Port should be involved
- Industrial land development
- Eastside property – possible golf course
- Cities should lead boardwalk expansions, but Port should support
- Increase the amount of master planning (i.e., North Spit, Charleston)
- Continue maintenance dredging
- Tourism/Eco-tourism
- Grow existing markets (use existing barge docks more)

6. What are the primary industry types (including clusters of supportive businesses) the Port should focus on for marketing the Coos Bay/North Bend/Charleston area? What should the Port or other agencies do to strengthen these industries and clusters?

Stakeholders were very focused on identifying primary industry types. Ideas for strengthening these industries called on the Port to step up marketing and collaboration with local agencies and business interests. Here are some specific responses:

Industries

- Break bulk, container, niche cargo shipping, and transship storage
- Maritime fishing industry
- Light manufacturing that does not pollute
- Environment-friendly manufacturing and green energy
- Marine education

Strengthen

- Work closely with International Longshore and Warehouse Union
- Coordinate with private sector
- Support existing services
- Participate in tourism marketing and promotion
- Promote export of finished wood, not just raw logs
- Need to establish a vision, then be proactive in marketing efforts
- Add clarity to the regulatory process [Port is in the process of adding a permit specialist]
- Address job retention through coordinating with Cities; retool SCDC
- Address job growth by resurrecting Coos County economic development efforts
- Use website to market/promote opportunities
- Support through regulatory processes (dredging, etc.)

7. The Coos Bay Rail Link-CBR represents a major investment for the Port, and rail shipments are increasing all along the line to Eugene, interstate and nationally. Do you see untapped existing or new opportunities to develop rail-related business growth?

The stakeholders expressed genuine enthusiasm about the potential for additional rail service development. Much of the emphasis was on expanded connection to existing docks and diversifying the types of cargo hauled. The Port should also highlight the ship-to-rail connection in future marketing. Additional comments included:

- Expanded rail connection to docks
- Need terminals to generate inbound cargo for RR shipping
- Rock hauling for future jetty repairs
- Bulk shipping, coal, oil, torrefied wood, automobiles, and containers
- Partner with CBR for a direct link to BNSF and or Union Pacific

- Move rail yard to North Spit and open existing rail yard for development
- Market shipping opportunities and Coos Bay's deep water access and enhanced rail access
- Need higher speeds on rail and larger shipping channel
- Pursue passenger rail opportunities/scenic link

8. The Port is working to revitalize maritime commerce and diversify cargo movements through the Coos Bay harbor by focusing on development of new marine cargo facilities in lower Coos Bay, and deepening and widening the federal channel for new generations of deep-draft vessels. Do you envision specific marine industrial growth opportunities? If so, please explain.

Stakeholders see lots of opportunity for shipping diverse cargos beyond wood products, particularly if a deepened channel can accommodate larger ships. The rail connection also makes landings in Coos Bay more attractive to shippers. Additional suggestions related to maritime commerce included:

- Auto and container ships
- Cruise ships
- Emphasize break bulk shipping, not containers. Can't compete with San Francisco and Portland
- Become full-service port with shipyard, terminals, fueling station, and marina
- Natural gas export. No coal.
- Facilitate return of barge shipping options out of Coos Bay.
- LNG and new cargo terminal will increase demand for shipbuilding, requiring pilot vessels and supply and patrol boats
- Charleston needs a travel lift and welders
- Deeper, wider channel will draw new customers and bring Port into 21st century.

9. The Port recently finished the Charleston Harbor Master Plan Update, which is focused on a variety of improvements to support the commercial fishing fleets, recreational boating, and tourism, marine-related businesses and nearby education and research facilities. Do you have specific concerns or suggestions related to the Charleston Marina and launch ramp, shipyard, ice plant, RV park or recently acquired undeveloped properties?

Interview participants were generally pleased with recent Charleston improvements, but they did see options for improvements. Structural suggestions include a more sophisticated boat washing station and a large travel lift for boat services. Several stakeholders felt that Charleston should aggressively reconfigure and expand tourism services and take advantage of waterfront views. The following ideas were shared during the interviews:

Boat related

- Develop boat washing station for control of invasive species
- Maintain ramp for trawl fleet
- Ice house is good, but ice dock needs repair
- Upgrade and make public dock useful for larger boats
- Charleston needs a 300-ton travel lift
- More collaboration with other agencies (state parks, County); provide bike paths
- Shipyard needs updates

Recreation and Commercial

- Encourage waterfront retail, restaurants, and hotels. Sell property; not lease
- Expand parking
- Increase security in Charleston
- Increase storage capacity
- Enhance tourism and recreation
- Increase amenities at current kayak launch (picnic area, place to watch shipyard operations)

10. If you are a tenant, business or economic development interest impacted by Port initiatives (land, facilities or property), do you have what you need to grow? What can the Port do to help (you) retain jobs and grow local business?

Stakeholder responses covered the range of options from expanded shipping to enhance marketing of port-related businesses. They also saw opportunities for new development on vacant lands and additional lease space to expand ship yard for multi-boat construction, repairs and maintenance. More than one participant thought some form of Port advisory group to serve as a sounding board for future project decisions would be useful.

Suggestions and needs from stakeholders, included:

- Stay focused on marine shipping improvements
- Port should consider forming an advisory committee for the waterfront
- Concentrate on keeping local people in business, especially small boat fisheries
- Stay abreast of the County lodging tax issue
- Continue event support in Charleston
- More efficient/effective marketing coordination
- Develop facilities to support container shipping and barge service
- Organize the shipyard to increase lease space, handle more than one vessel at a time and add a travel lift
- Contact the local fish processor who seeking land for a 30,000 square foot building
- Continue support under Port's Unified Dredging Permit with the Corps
- Increase shovel-ready land

11. Are there certain marine and/or industrial sector services that you think are missing in the Coos Bay/North Bend/Charleston area today?

Responses to this question generally echoed earlier comments regarding areas for expansion or improvement, especially for shipping and ship related enhancements. New suggestions included fueling operations, cold storage, and public tours of docks and shipyard.

Stakeholders also noted that increased ship services, if marketed well, can attract more ship traffic. Additional market needs comments follow:

- Ship fueling operations, including bunker fuel
- Cruise ship and public dock space
- Cold storage
- Dock and ship yard tours
- Marketing opportunities for marine education
- Lay berths and anchorages where ships can swing around
- Publically-owned heavy lift dock
- Service and supply providers
- Increase maritime jobs; machine shops and support scientific research
- Secondary wood products – furniture and other

12. Are there certain initiatives or projects you feel the Port should pursue, continue to pursue, or others that should not be pursued?

Stakeholders had very few suggestions about what the Port should stop doing. Rather, the emphasis remained on identifying and pursuing new opportunities. There was some concern that the railroad and promotion of the LNG terminal could draw the Port's attention and dollars away from other important initiatives. Here are a summary of comments:

- Focus on break bulk shipping
- Stay prepared to seize opportunities. No cuts now.
- Clearly connect harbor improvements with rate increases
- Do not divert funds to CBR
- Don't get stuck on only the BIG initiatives. Look for smaller victories too
- Boost local PR about Port activities and benefits
- Focus on funding from the Legislature
- Keep communicating Port purpose and successes
- Help retool SCDC, and getting Coos County into eco development
- Expand marine R&D (Need a champion – we are as good as Newport!)
- Promote outdoor tourism, eco-tourism, film
- Continue Shipyard upgrades, and keep up recent advertising efforts
- Business development and marketing for local industry

- Tourism (destination and high-end)
- Pursue North Spit (deep water access and “big” tenant)
- Fishing industry support; maritime industry

13. Is there anything else you’d like to add?

Many stakeholders praised the Port staff and its work with the fishing, shipping, and tourism interests, and would like to see additional collaboration. There was general support for recent Port initiatives and improvements. Additional input included:

- Form committee of shippers and work force to build business
- Licensed ocean outfall is an asset
- Charleston improvements are great
- Port staff are very accessible and tremendous partners
- CBR doing great job of marketing and helping shippers
- Involve CEDCO, the Coquille Tribes’ economic development arm

People interviewed

Craig Young and Jon Souder
Terence O’Conner and Rodger Craddock
John Sweet
Jim Lyons
Ruth Barker and Katherine Hoppe
Ingvar Doessing
Representative Caddy McKeown and
Senator Arnie Roblan

Ray Cox
Eric Geyer
Tom Foster
Nick Edwards
Charlie Yates
John Knutson
Marvin Caldera and Kip Gumm

Oregon International Port of Coos Bay SWOT Analysis October 28, 2013

As part of the kickoff meeting for the Port's strategic business planning process, Scott Keillor led the group in a roundtable discussion about the Port of Coos Bay's strengths and opportunities to improve/expand services. In addition, Port staff identified areas where Port performance needs improvement and potential threats to future operations. Additional activities during the two-day project kick-off included stakeholder interviews and port facilities site visits. Participants in the strengths, weaknesses, opportunities and threats (SWOT) analysis included:

Oregon International Port of Coos Bay

David Koch, chief executive officer
Martin Callery, chief commercial officer
Donna Nichols, chief financial officer
Kathy Wall, chief operating officer
Mike Dunning, Charleston harbormaster
Lanelle Comstock, project coordinator
Megan Richardson, fiscal support specialist

Consultants

Scott Keillor, BergerABAM, project manager
Nicole McDermott, BergerABAM, project assistant
Scott McMahan, BergerABAM, facilities assessment
Jim Gladson, BergerABAM, public involvement
Paul Sorenson, BST Associates, economic and fiscal analysis

Following is a narrative description of each discussion topic followed by bullet points generated by staff during the meeting.

Strengths – All agreed that the Port is well positioned for continued growth. The physical condition of the lower bay and bar offer excellent opportunities for additional development of infrastructure supporting maritime shipping and fisheries operations. The future siting of a liquefied natural gas (LNG) facility will further enhance Coos Bay as a viable deep-draft harbor for increased maritime commerce vessel traffic. The bay also offers a variety of upland sites suitable for future development. Port staff also felt that recent investments in the rail line connection to Class 1 and other shortline rail operations in the Willamette Valley is paying off with increased transportation options for shipping goods inland. Although State Highways 38 and 42 are much improved, the rail connection can be a major contributor to future growth.

Improvements at Charleston harbor continue to support sport and commercial fishing, and the parks, natural amenities, and nearby world-class golf courses near Bandon offer increased opportunities to draw in an expanded tourist trade.

- Good location with industrial properties for greenfield and brownfield development
- Short transit from ocean to upper bay (15 miles)
- No height restrictions below the US 101 highway bridge; no width restrictions below the rail bridge
- LNG facility siting on the North Spit
- Roseburg Forest Products marine terminal development potential on lower bay
- Good transportation infrastructure, including Coos Bay Rail Link (CBR) rail access and improved State Highways 38 and 42 connections to I-5
- Close to Bandon Dunes and other regional high-profile golf courses providing good exposure to high-end business people and potential spin-offs
- Strong array of outdoor recreation opportunities
- Safe entrance bar crossing; often open when others are closed
- Adequate shipping tonnage to support current dredge program
- Dedicated and experienced port staff
- Good lines of communication with local, state, and federal officials
- Adequate water supplies, both potable and non-potable
- Vibrant maritime commerce port
- Clean, environmentally-healthy bay and estuary
- Own the CBR rail line infrastructure
- CBR offers potential development and political support through multiple counties
- Boat yard attracts commercial traffic
- RV park is seasonal destination
- The Charleston area has three state parks to attract visitors
- Growing industry developing future wind and ocean power generation potential
- \$1.5 million tax revenues provides supporting revenue stream
- Strong U.S. Coast Guard presence
- Visitors to Charleston can have a real “Fishing Village” experience

Weaknesses – Despite considerable strengths, the Port also faces challenges, such as a reputation that the RV Park and surrounding areas are unsafe, which discourage visitors. Charleston is very reliant upon a robust tourist trade. While visitors are strong contributors to the local economy during the summer months, the seasonal nature of the tourism trade makes sustaining businesses difficult. The group also acknowledged that dependence on LNG development did not provide short-term opportunities for growth. In addition, some group members felt that the Port may be distracted by ventures and activities that do not necessarily support maintaining and expanding core businesses. There is also concern that key components

of Port infrastructure are deteriorating without a clear plan for asset management and identification of highest priority maintenance needs and infrastructure improvements. Allocating financial resources is made more challenging by the continuing budget pressure from Public Employees' Retirement System (PERS) funding requirements.

- RV park area (and Charleston area) has reputation for not being safe and secure
- Lack of security due in part to County cuts to law enforcement budget
- Skilled/trades workforce in bay area is stretched thin
- Deciding the future of the east side property has become a distraction to Port's core business lines
- LNG terminal operation still years out, 2019 at earliest
- Current bay area and North Spit zoning constrains non-marine industrial uses
- Tourism recreation market is very seasonal
- Hard to maintain Port staff focus among competing distractions
- Aging structures without asset management plan to evaluate and prioritize repairs
- High PERS rate constraints budget options for other uses

Threats – The Port staff sees potential threats both from events that may happen as well as those that may not. The Port staff is concerned that long term, the development trends in the area are moving away from the Port's focus on maritime uses to focus more on mixed-use commercial/retail development. Long term, the LNG terminal holds much promise for future development, but the approval process is long and complex, and there is some level of public resistance. Without the terminal, prospects for expanded dredging and North Spit development decline. A recent tsunami caused minimal damage to Port properties, but the next one may be more destructive. Because of natural threats, such as tsunamis and earthquakes, the Oregon Resiliency Report essentially writes off the Oregon coast as a viable landscape in the event of a major disaster. There is also concern that wind/wave energy development offshore could have the downside of affecting fisheries, and that future regulatory actions to protect endangered species may also have a chilling effect on core businesses.

- Future uses trending toward non-marine, mixed-use retail/commercial
- Public resistance to natural gas pipeline and LNG terminal
- Without LNG terminal, no channel deepening/widening
- Wind/wave projects could negatively impact fishing industry
- Tsunami
- Boatyard operations could attract regulatory actions without better enforcement of best management practices and cooperation and participation by boatyard tenants and users
- Invasive species affecting natural resources such as shellfish
- Endangered Species Act constraints and National Marine Fisheries Service requirements for development and maintenance
- Oregon Resiliency Plan writes off coast in the event of major natural disaster

Opportunities – Despite current challenges and future threats, the Port staff sees a variety of opportunities to improve economic development. The LNG project and related activities, such as dredging, have great promise and need to be supported by the Port. While the eastside property may not be suited for industrial development, there are still use options, such as housing, that could still make productive use of the land. Investing in enhancements to services and infrastructure can also pay benefits. Priorities include better security for the RV park area and redevelopment of existing structures and land to create a better tourist experience in Charleston. The staff also sees opportunities to eliminate what they consider distractions and focus on the core businesses of maintenance and enhancement at Charleston, continued railroad development, and support for and promotion of increased industrial uses on the North Spit.

- LNG fueling has great promise, but not yet in place to provide benefits
- Widened and deepened channel will attract many more maritime commerce and vessel traffic; a marketing focus is needed to attract future deep draft cargo business
- Eastside property likely has housing or other non-commercial activity as best use
- Redevelop old upper bay industrial bayfront, and create multi-use paths along the bayfront when economically feasible
- Divest call center and incubator at airport. These are distractions from the Port's core business lines
- Return to focus on CBR=Charleston/North Spit
- Consider seasonal expansion of RV park to accommodate more guests
- Improve security to remove stigma that affects businesses
- Develop the Merryfield property
- Partner with city and/or county for access to funding sources such as the Community Development Block Grant program
- Clarify roles and responsibilities among Port staff
- Improve fiscal and asset management systems
- Improve management of leases and leased properties at Charleston
- Better positioned than other ports to handle vessel maintenance; commercial and recreational
- Take over management of the boatyard travel lift to better manage boatyard usage
- Diversify the types of lease-holder
- Oregon Institute of Marine Biology and South Slough Reserve are long-term resources to attract educational and scientific interests
- Wayfinding and other signage improvements to attract people to Charleston
- Build new CBR-trans load sidings at Eugene and at Coquille for dairy farmers
- Ship mineral sands and other bulk commodities via Coos Bay rail line
- Build more marine terminals
- Attract bulk terminals. More likely accepted here than in urban areas

Oregon International Port of Coos Bay SWOT Analysis

October 28, 2013

Page 5

Next Steps – the Port staff and Commission will direct refinements in the SWOT analysis to be included in the Port’s strategic business plan, targeted for completion in late 2014.

4 November 2014

To: David Koch, Chief Executive Officer, Oregon International Port of Coos Bay

From: Scott Keillor, AICP

**Re: Port of Coos Bay Strategic Business Plan
Port Commission and Public Meeting No 1 Summary**

OVERVIEW

On 13 and 14 October 2014, the Oregon International Port of Coos Bay (Port) hosted the first public and Port Commission meetings for the Port's Strategic Business Plan (SBP) update. The public meeting was held at the Coos Bay Library on the evening of 13 October, and the Port Commission meeting was held in the Commission chambers on the morning of 14 October. At the public and Port Commission meetings, Scott Keillor and Nicole McDermott from BergerABAM, and Paul Sorensen with BST Associates, presented the initial findings of the SBP update, including the stakeholder interview and strengths, weaknesses, opportunities, and threats (SWOT) analysis summaries, and the draft Socio Economic Analysis and Market Study and Port Facilities Assessment Memoranda.

Following the presentations at both meetings, the consultant team responded to comments and questions from the public and Port Commission. A summary of public and Commission comments is provided below.

COMMISSION COMMENTS

The Commission began by providing input on the existing vision, mission, and strategic planning principles. As noted by Port Commission President, David Kronsteiner, the Port's current vision and mission were developed in 2004 in association with the Governor's office and updates may be required to address the current role of the Port. David Koch added that the strategic planning principles were developed to specifically address industrial development, primarily on the North Spit, and infrastructure improvements related to the Coos Bay rail line. David noted that these principles may need to be revised to reflect other Port business lines.

Specific comments from the Commission related to potential revisions to the vision, mission, and strategic planning principles are included below.

Vision

- Incorporate public input into the vision
- 

- Include a focus on regional responsibility
- Reflect transportation infrastructure beyond the “deep-water port” (i.e., rail)

Mission

- Focus on serving existing markets and clients, as well as looking forward to future markets and clients
- Consider including stewardship (sustainability)
- Consider including recreational opportunities – recreation can be an economic development driver
- Reflect the Port’s role in the regional economy

Strategic Planning Principles

- Include Charleston Marina guiding principles
- Consider Upper Bay properties and the best and highest use, i.e., multi-use/diversification and the role of the proposed Waterfront Development Partnership
- Protect “deep-water” assets
- Develop a property management plan for all Port properties

Following the discussion of the vision, mission, and strategic planning principles, the Commission provided comments related to the Port’s business lines and the five elements of the SBP (capital facilities, marketing, environmental, management, and financial). Specific comments are included below.

Charleston

- Address the need for a deferred maintenance plan
- Develop a long-term approach to shipyard improvements, including a Shipyard/Boatyard Master Plan
- Review 2013 update of the Charleston Master Plan and prioritize projects
- Develop Port Standards and Responsibilities document to clearly articulate what is expected of the Port and what responsibilities fall to tenants

Coos Bay Rail Link

- A bulk commodity user is needed to sustain the long-term operations and maintenance costs of the Coos Bay rail line

- One- to two-unit trains per day would increase rail traffic enough to require improvements to Class A service – consider this target as a goal for the SBP
- The operational cost of CBR is currently self-sustaining
- Smaller customers have expressed interest and would likely follow a larger customer

Community Partnerships

- The Port should balance its mission with the larger regional focus on sustainability
- Pursue partnerships opportunities for the Port to play a supporting role
- Sustain and leverage current partnerships with the South Coast Development Council and the proposed Waterfront Development Partnership as prime examples of intergovernmental coordination needed to develop projects, even if the Port is not the lead agency
- While the Port should pursue partnership opportunities, it will be important to stay focused on the Port's primary vision and mission

Marketing Opportunities

- CBR does the primary marketing for the rail operations and markets the rail line to Union Pacific
- Marketing industrial land for development is difficult due to the complexities and uncertainties of the permitting process; Port needs 40 to 80 acres of development-ready land to attract businesses with 1 to 2 years of lead time to start operations (common; although fewer users can accommodate longer leads)
- Continue to partner with the Coos Bay – North Bend Visitor and Convention Bureau to market the Charleston Marina and RV Park
- Promote businesses in the Charleston Shipyard

Project Opportunities

- Cargo
 - Need development-ready land
 - Need to increase revenue streams
- Shipyard Plan
- Marketing to specific companies that are likely to locate in Coos Bay area

- Determine Port model – lease, own, or sell
- The Jordan Cove project is a good example of public/private partnerships

PUBLIC COMMENTS

Following the presentation to the public on the evening of 13 October 2014 at the Coos Bay Library, the consultant team responded to questions and addressed comments from the public. Specific comments are summarized below.

- Need a larger travel lift at the Shipyard to stay competitive
- Develop policies that promote clean air and clean water
 - Renewable energy
 - Sustainable industries
 - Integrated systems
- Find a balance
 - Large industries and small industries
 - Development and environmental stewardship
 - Consider impacts of development on the community
- Focus on sustaining fisheries
- Develop a dock for fish landings – secondary markets
- Consider Port history and maintain small boat repair
- Develop destination tourism opportunities
 - Water sports
 - Regional draw
- Consider access and safety in development of LNG and other terminals on the North Spit
 - Consider “worst-case” studies
- Look at secondary industries for water sports – manufacturing
- Potential trade show location

How do public entities help private businesses?

- Grant funding
- Marketing
- Incubators

- Port should promote living-wage jobs

- Ensure lessons are learned from past mistakes and use the resources that exist in the area
 - Wind
 - Fish
 - Clams
 - Oysters

- Community development partnerships with the City for gateways and wayfinding

- Make realistic plans that can be followed through

- The vision should include maintenance of infrastructure

- Promote research and development for wind and wave energy

- Focus on the right jobs for Coos Bay

- Consider obstacles due to private ownership of waterfront properties

- Promote reasonable regulations

- Need upland dredge spoils sites

- Port priorities
 - CBR
 - Fisheries

The Port Commission was given a summary of the above public comments, and considered them in setting direction for development of a draft strategic business plan.

NEXT STEPS

The consultant team will continue to work with Port staff and the Commission over the coming months to refine the vision, mission, and strategic planning principles, and incorporate the

Commission and public comments into the draft SBP. The team will present the draft SBP to the Commission and the public in March/April 2015. The draft SBP will also be presented to Business Oregon for review and comment. The SBP will be finalized and presented for Commission adoption in the spring of 2015.

PORT COMMISSION MEETING ATTENDEES

Attendees at the Port Commission meeting are listed below.

Commissioners

David Kronsteiner (President), Eric Farm (Vice President), Robert Garcia (Secretary), Brianna Hanson (Treasurer), James Martin

Staff

David Koch (Chief Executive Officer), Martin Callery (Chief Commercial Officer), Kathy Wall (Chief Operating Officer), Brooke Walton (Marketing Manager), Linet Samson (Office Manager), Mike Dunning (Charleston Harbormaster)

Public/State Rep

Becky Bryant, Oregon Infrastructure Finance Authority

Consultants

Scott Keillor and Nicole McDermott (BergerABAM), Paul Sorensen (BST Associates)

Additional Attendees

See attached sign in sheet

PUBLIC MEETING ATTENDEES

Attendees at the Public meeting are listed below.

Staff

David Koch, Kathy Wall, Fred Jacquot Brooke Walton, Makenzie Marineau

Consultants

Scott Keillor and Nicole McDermott (BergerABAM), Paul Sorensen (BST Associates)

Public

See attached sign in sheet.

DATE 10/13/14
STRATEGIC BUSINESS PLAN
OREGON INTERNATIONAL PORT OF COOS BAY
PUBLIC MEETING

PLEASE PRINT

<u>NAME & PHONE</u>	<u>REPRESENTING/EMAIL</u>
Kathy Wall	Port Staff
Bill York	wjyork@coosbay.com
Doro Kearns	(satausleft+hand@gmail.com)
Thomas Lohy	City of Coos Bay
Jim Wall	
Judith Stee Healer	
FRAN JACQUET	PORT STAFF
Jody McCaffree	McCaffrees@Frontier.com
Eric Farm	Port Commission
Connie Stopher	South Coast Development Council
Troy Woody	Giddings Boatworks / Troy@sterlingmediaNW.com
Ray Cox	
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Al Pettit	Aug101HD al@holcoosbay.com
J C WILLIAMS	NORTH BEND
Steve Ho	sh@stockpix.com
Makemie Marinneau	Port Staff
Brooke Watten	Port Staff

DATE 10/14/2014
SPECIAL COMMISSION MEETING

PLEASE PRINT

NAME & PHONE

REPRESENTING/EMAIL

Frankie Trask 888-3911

Charleston Sanitary

ED ELLWSEN

NASBURG INSURANCE

Timon Slater

BACC

RICHARD DYBEVIK

ROSEBURG

Becky Bryant 541-297-3682

IEA

MATT MARKEE

Scott Keilow

BEAGLER ABAM

Nicole McDermott

" "

Paul Sorenson

BST Associates

10 June 2015

To: David Koch, Chief Executive Officer, Oregon International Port of Coos Bay

From: Scott Keillor, AICP

Re: **Port of Coos Bay Strategic Business Plan
Port Commission and Public Meeting No 2 Summary**

OVERVIEW


On 3 and 4 June 2015, the Oregon International Port of Coos Bay (Port) hosted the second public and Port Commission meetings for the Port's Strategic Business Plan (SBP) update. The public meeting was held at the North Bend Library on the evening of 3 June, and the Port Commission meeting was held in the Commission chambers at noon on 4 June. At the public and Port Commission meetings, Scott Keillor and Nicole McDermott from BergerABAM, and Paul Sorensen with BST Associates, presented the draft SBP update.

Following the presentations at both meetings, the consultant team responded to comments and questions from the public and Port Commission. Additionally, the Port Commission meeting included a facilitated discussion of the Port's vision, mission, and strategic planning guiding principles. A summary of public and Commission comments is provided below.

COMMISSION COMMENTS

During the Port Commission meeting the Commission provided limited comments on the draft SBP, including minor updates to the strategic partner list and Management Plan strategies. The Commission indicated that they may provide additional comments through Port staff prior to the 19 June comment deadline. In order to address updates to the vision, mission, and strategic planning principles, the consultant team provided a redlined version of the existing vision, mission, and principles that incorporated input from the first SBP Port Commission meeting in October 2014. David Koch asked the consultant team to describe the purpose of a vision statement. Scott Keillor indicated that the Port's vision should consider what the Port aspires to be and set a vision for the future. In contrast, the mission will set the charge for the Port and identifies what the Port was established to do. Mr. Koch expressed concern that the existing vision does not address Charleston and does not set a true vision for the future.

Specific comments from the Commission related to the vision, mission, and strategic planning principles are included below.



Vision

- Establish an image of where the Port will be in the future
- Establish a vision for all port business lines (i.e. rail, marine, and Charleston facilities)
- Reflect the desire for an improved economy
- Address the importance of supporting the community and building a better future

Mission

- Identify the charge of the Port – what is the Port here to accomplish?
- Address service to the broader community and commitment to economic development initiatives
- Reflect the importance of all port business lines (i.e. rail, marine, and Charleston facilities)

Strategic Planning Principles

- Address all Port business lines
- Include detail for business lines in support of the Port's mission

The consultant team will consider the feedback provided by the Port Commission and staff and develop an updated vision, mission, and principles for Port Commission and staff review.

PUBLIC COMMENTS

Following the presentation to the public on the evening of 3 June 2015 at the North Bend Library, the consultant team responded to questions and addressed comments from the public. The discussion centered on future rail infrastructure and improvements, as well as Port priorities and the need to continue to support partnerships with local organizations. Port staff provided input related to the distinction between unit trains (one commodity, and a single point of origin and destination) and the more labor intensive manifest trains (varied commodities assembled in the yard with common destinations) and addressed the need to maintain manifest traffic while pursuing unit trains. Specific discussion points are summarized below.

- Securing one to two unit trains per day will support the long-term economic success of the Coos Bay Rail Link.
- Approximately 3 unit trains per week could currently be handled with the existing infrastructure.
- The existing manifest trains contain approximately 40 to 60 cars. Unit trains support approximately 100 cars or more.
- Significant impacts to local traffic are not expected with increased rail traffic because many of the trains travel during non-peak hours.
- Linking the Port's assets (rail to marine) is key to attracting additional rail customers.
- Additional development can help support tourism and other activities.
- East Bay properties
 - Currently used for recreation
 - Additional study is needed to determine highest and best use of these properties (partnership with the City to complete a visioning process is being considered)

The Port Commission was given a summary of the above public comments, and will consider them as they review the draft SBP.

NEXT STEPS

The draft SBP is open for comment until 19 June 2015. During that time, the consultant team will work with Port staff and the Commission to update the vision, mission, and strategic planning principles. All comments and the updated vision, mission, and principles will be incorporated into the final SBP and delivered to the Port Commission for adoption on 16 July 2015.

PORT COMMISSION MEETING ATTENDEES

Attendees at the Port Commission meeting are listed below.

Commissioners

David Kronsteiner (President), Eric Farm (Vice President), Robert Garcia, James Martin

Staff

David Koch (Chief Executive Officer), Martin Callery (Chief Commercial Officer), Brooke Walton (Marketing Manager), Hans Gundersen (Chief Financial and Administrative Officer)

Public/State Rep

Becky Bryant, Oregon Infrastructure Finance Authority

Consultants

Scott Keillor and Nicole McDermott (BergerABAM), Paul Sorensen (BST Associates)

Additional Attendees

See attached sign in sheet

PUBLIC MEETING ATTENDEES

Attendees at the Public meeting are listed below.

Staff

David Koch, Fred Jacquot, Brooke Walton, Lanelle Comstock, Mike Dunning, and Hans Gundersen

Consultants

Scott Keillor and Nicole McDermott (BergerABAM), Paul Sorensen (BST Associates)

Public

See attached sign in sheet.

DATE Thursday, June 4, 2015
SPECIAL COMMISSION MEETING

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OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon

STRATEGIC PLANNING WORK SESSION

8:00 a.m., Thursday, December 18, 2014

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

ATTENDANCE

Commission:

David Kronsteiner, President; Eric Farm, Vice President; Bob Garcia, Secretary; Brianna Hanson, Treasurer; and James Martin, Commissioner.

Staff:

David Koch, Chief Executive Officer; Kathy Wall, Chief Operating Officer; Martin Callery, Chief Commercial Officer; Mike Dunning, Harbormaster; Brooke Walton, Communication Manager; Lanelle Comstock, Project Coordinator; Fred Jacquot, Program & Project Manager; Sherri Gallant, Environmental Manager; Linet Samson, Office Manager; Kerry Otey, Executive Assistant; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Richard Steinke, Moffatt & Nichol Engineers; Tom Leahy, Coos Bay City Councilor; Matt Markee, Markee and Associates.

1. CALL MEETING TO ORDER

President Kronsteiner called the meeting to order at 8:05 a.m.

2. INTRODUCTION OF GUESTS

3. ROLE OF THE PRESENTER/FACILITATOR

(Mr. Koch) The Commission will recall the port had a strategic planning session a few months ago. The Port is working with a consulting firm called BergerABAM to help them put together the Port's Strategic Business Plan as part of the state's requirements. The state requires all ports to have an updated strategic business plan. The port is following the outline set out by the state and preparing that. As part of that process the port is drilling deeper into some of their business lines and areas of operations to take the plan that BergerABAM is going to be developing and expand upon it. The Port has three main areas of operations they are involved in.

#1. Charleston with respect to the marina, boat yard and all of the work they do to promote the commercial fishing, recreation and tourism on the coast.

#2. Rail line and all of its industrial development in a three County area between Lane, Douglas, and Coos County.

#3. Maritime Industrial which relates to the marine terminals and the movement of cargo across docks and through the harbor.

This work session today is focused on the marine industrial portion of the Port's business line: waterfront properties that are zoned and well suited for the development and operation of marine terminals for moving cargo across the docks and through the harbor. To help with this process, the Port hired Dick Steinke, a consultant with Moffatt & Nichol. Mr. Steinke is here to lead staff and the Commission in an interactive discussion regarding considerations a Port has to take when updating their policies with respect to waterfront property and how the Port fits in with the movement of goods and cargo through the Bay.

He would like to note there are a lot of folks in the audience. All of them with one exception are Port staff. Mr. Tom Leahy is the only guest. Mr. Leahy said he was on the City Council of Coos Bay and is interested in bringing Tall Ships into this area.

4. DISCUSSION AREAS

(Mr. Steinke) thanked the port staff and Commissioners for the opportunity to come and share some perspectives and hopefully provide an opportunity for a broad discussion to focus in on what he believes are important precepts and important things to keep in mind when you have the opportunities ports like the Port of Coos Bay has.

Mr. Steinke is currently with Moffatt & Nichol. His background is in transportation both on the airport and seaport side.

He started at the Port of Long Beach in 1990 as the Director of Properties. Before that he was at the Stapleton International airport in Denver, CO where he was in a similar role as Director of Properties. He had the opportunity to move to the Port of Long Beach so he went from airport to Seaport in 1990. He moved up to Deputy Executive Director in 1995 and was fortunate enough to become the Executive Director of the Port of Long Beach in 1997. He retired from the Port of Long Beach at the end of 2011. He served for 14 years as Executive Director of that port. He failed retirement very quickly and became an Executive Director at Moffatt and Nichol and is enjoying his role there.

He hopes to provide some perspective, to stimulate some discussion regarding basic points and principles that are relevant to the maritime industrial portion of the Port of Coos Bay. The goal is to have an open discussion.

The LA/Long Beach area where he worked is a major international gateway and was at one point the 5th busiest Seaport in the world. Although, it is a different magnitude it has the same exact issues that the Port of Coos Bay is facing. Best utilization of your assets, how you relate to opportunities, what your interaction is with the community, board staff relationships, and all of those types of issues are the same for a big port as they are for a small port, recreational port, and industrial port. The Port of Coos Bay shouldn't see itself dissimilar to the other ports in the United States or the rest of the world when it comes to challenges and opportunities it faces.

What is the purpose of the Port? Should it play the role of trade commerce facilitator? Should it be a job generator, economic development arm of the city, county, region or state? Does it fit into the international aspect of trade? All of these things need to be looked at.

An aspect of what the Port of Coos Bay does is providing a recreational commercial asset. He had the opportunity to go on tour with the Port staff yesterday. Should the Port have a leading role in this community with an environmental story? Is it a stewardship role, or a necessary evil, or somewhere in

between? Is the Port of Coos Bay all of those things or some of those things? He would like to get a little discussion going and would like to see where the board sees themselves in their role related to the community, region, state and elsewhere.

(President Kronsteiner) I was appointed to this commission by Governor Kulongoski and had a specific charge set out for the Port Commission at that time.. He has always felt the economic engine for this region is the Port of Coos Bay. The Port has certain powers that other governmental agencies do not have, and they have the ability to act on those. I believe the Port's main focus is the economic development of this region.

(Mr. Steinke) Let's talk a little bit about economic development and drill down. This may be very basic but economic development takes on a lot of meanings for a lot of different people. Port staff may have one meaning and their constituents out there may have another meaning. Let's get right to the root of it. Does economic development mean Jordan Cove (JCEP) with an exclamation point?

(Commissioner Farm) It is supporting the opportunities like JCEP. The rail line supports other opportunities.

(Mr. Steinke) Does the Port of Coos Bay see jobs as a charge? It could be important to report back to the state. Does the Port have a reporting requirement that states part of the annual report has to be how much economic development or economic wellbeing the Port has contributed to the state of Oregon or to the community?

(President Kronsteiner) believes they need to talk about the JCEP step and others. JCEP may not return the economy of Coos Bay to the vibrant economy that people who grew up in this area remember from the past, but it is a step in the right direction.

(Mr. Steinke) What was the role of the Port back when the economy was different? Was it to support the community, to be here to administer waterfront facilities, or to stay out of the way and let the private sector do what they needed to do to make this area thrive and survive?

(President Kronsteiner) mostly the last point. The private sector was the driver at that time. The Port wasn't really sought to be involved. One of the large projects the Port was involved with back then was the dredging project and part of the Coos Bay shipping club. But in terms of the operation of the facilities in the Port, they didn't have much of a hand in that.

(Mr. Steinke) observed that this role is changing and the charges are now different. The economy is not supporting what it used to support in terms of the lumber business so the Port of Coos Bay has a changing role that continues to evolve. What other charges do they have in terms of responsibility as a port?

(Mr. Koch) Economic development means different things to different people. It can encompass workforce development, business recruitment, incubators, business parks, developing incentives for business, and business retention and expansion opportunities throughout the entire county. It can involve a lot of things that are important to the regional economy that may fall outside of the wheelhouse of what this particular agency is well suited to do. He is interested in what specific piece of the economic development puzzle the Port fits in, and what its role is in the overall picture of what a good economic development program means within a county or region.

(Vice President Farm) The industrial focus of the Port of Coos Bay seems unique. The city and county have a wide range of responsibilities. Potential development on the north spit, the fishing and maritime industry, and the railroad supporting industrial operations are all areas that no other agency is specifically focusing on. He sees this, not as a sole focus, but as a higher priority for the Port.

(Mr. Steinke) As the Port, it is critically important to recognize what your charge is. The Port of Coos Bay can't be all things to all people. He is excited about what he heard yesterday in talking with staff and seeing things on the tour. Some members of the community are looking at the Port of Coos Bay as a savior. If the Port is seen as that, some of the things it has accomplished might get diminished by sponsorships and contributions. Soon they are doing everything except protecting the assets and the port that they have been charged to be responsible for. He suggests the Port develops a strategy that it doesn't take on everyone's issues as is the tendency that takes place in a lot of areas. There are things you can say that add to your responsibilities as an environmental steward and economic development and revenue generator and all those types of things but let's not take on things that are kind of outside of that area.

(President Kronsteiner) There are two things the Governor Kulongoski charged them with:

1. Community partnership with other agencies, cities, and counties in development.
2. To be a steward of Charleston and the fishing, and recreational opportunities there.

(Vice President Farm) He sees the Port as a manager of infrastructure. We have a lot of different infrastructure and a work plan to get some deferred maintenance on that infrastructure put back on track.

(Commissioner Hanson) suggested adding purpose to non-performing assets.

(Mr. Koch) What Commissioner Farm said is a common theme for the Port as a Port Authority that they provide the infrastructure that is the platform for private industry and trade to occur.

For example, the Port took on the rail line and provided that transportation infrastructure that allows private industry to engage in trade and supports that traded sector economy in our region. In Charleston, the Port doesn't run the fishing boats or the fish processing facilities, but they provide the docks and the boat yard where the vessels can be repaired. The Port doesn't do the vessel repairs, but they provide the infrastructure that allows them to be hauled out and maintained and repaired. The Port provided the basic infrastructure, the pier and the facilities that allowed the ice plant to be built and that service to be provided in support of that traded sector portion of the economy. He believes there is an analogy out there for the marine terminal side of things. The Port is moving in the direction of providing basic infrastructure that allows private industry to come in and engage in trade across those docks.

(Mr. Steinke) Let's focus in on infrastructure management. You really start to pivot on that. Is the Port of Coos Bay a landlord port, or an operating port, or a combination of those?

When discussing underperforming assets, are they owned and controlled by the Port of Coos Bay or owned by private terminals that the Port wants to encourage using in a more efficient and better way for the betterment of the entire port?

(Commissioner Garcia) Believes that is an important thing to delve into because a lot of those un-performing assets are not owned by the Port. However, the community has a broader expectation that the Port is responsible for a lot of decaying infrastructure that is not the Port's. Just as it is important for the Port to ask what they are, it is just as important to ask what they are not. In this case they are not the owners of a lot of the property that is out there around the bay that people really believe the Port is responsible for. It is important to really define what the Port's mission is and is not.

(Commissioner Farm) Looking at what the Port will do with those under-utilized assets may not be something that they are going to figure out today, but is something they need to look at in the long term. If the Port has part of those under-utilized assets going into the future, potentially with the waterfront development group, perhaps they can take it and do brownfield work or at least so they are marketable.

(Mr. Steinke) believes as part of the strategic plan, revenue sources start to develop and there is great opportunity for that to happen. There is going to be more knocks on the door, to say for instance, there is vacant waterfront property over here and it would be great if the Port of Coos Bay took this over. He gave an example of this situation. Be prepared as success starts to occur, people will start coming.

(Commissioner Hanson) the Port is fortunate it doesn't have shareholders and have to make a large profit and therefore can be more agnostic about marketing properties or looking at properties that are or are not owned by the Port. Just general economic development becomes part of the strategy.

(Mr. Steinke) believes that is an important point. Let's talk a little about shareholders and stakeholders. There are a lot of stakeholders the Port needs to be aware of. The Port is not a public company. It does not have any shareholders, but they have a lot of stakeholders and it is important to recognize that. From what he heard yesterday in their briefing sessions, the Port has accounted for those very well. He congratulated the board and staff for strategic moves they are making on some of the projects they are handling. A lot of ports out there would be very jealous because most ports learn the hard way and respond to opportunities too late. The Port of Coos Bay has a really solid strategy taking care of those stakeholders that need to be accounted for in projects. The shareholder issue is important to point out. The Port may not look at every project the same way and there may be compelling reasons why they may want to look at an asset and say the Port is not going to get a return on this the way they get a return on another asset, but it does other things for the Port or community and therefore the Port is going to value it.

(Commissioner Farm) Would it be helpful to come up with a guideline or process of how we would evaluate the return on investment? The economic development mandate the Port has is very broad. For instance, if you say you are going to create 5 jobs, is that worth doing? Maybe you don't have to make a return necessarily because 5 jobs may be worth it. Or is it not enough? Coming up with some guidelines on how the Port would evaluate the return on the project or potential disposition of an asset or acquisition of an asset would be useful because it may not be economic, but it may have other intangibles that would factor into it.

(Commissioner Garcia) The Port is a public stakeholder and has a public duty. The Port's criteria are probably not a return on investment to a private holder. If the Port's criteria is creation of family wage jobs for the community, that could be not only a great way of stating a case but also making a compelling statement to the broader community what the Port is here to help create family wage jobs for the larger community. Even though the Port may think they are creating profit for a private

corporation that is going to create the jobs, how do they state what their goals are for economic development? The jobs part resonates with a lot of the Ports constituencies.

(Mr. Callery) would like to share a thought on underutilized assets, and underperforming assets when you look at what exists today in the harbor. In 2003 through 2005 the Port looked at the opportunities to develop a general cargo facility here. They looked at the available assets that might be redeveloped into that. He thinks it is incumbent that they keep in perspective the maritime transportation industry is in constant change. The vessels are getting bigger. The footprint of a new facility has to match the capacity of the vessel. That was one of the things Port staff learned in that exercise. The Port started looking at 6 potential sites and finally narrowed it down to 2 sites. Even those 2 sites had severe limitations when it came to acreage and the ability to handle cargo that made sense. He doesn't want to downplay what exists in the Upper bay area but there are severe restrictions as to availability of real estate and the ability to handle larger vessels in the Upper bay.

(Mr. Steinke) Martin has a good point. He has been in Transportation for 35 years and the Maritime business for 25 years, but in his estimation this is the most dynamic period of time in the Maritime industry. The carriers are not making any money. Ocean carriers are building way too many ships. The talk on this is primarily on containerized ships but it has a similar effect on tankers and break bulk and other parts of the industry. There is a tremendous change going on in terms of shipping lines creating alliances. Looking at the airline industry is a pretty good pattern as to what is happening right now with ocean carriers. To Mr. Callery's point, he thinks Seattle, Tacoma, Long Beach, and Oakland have way too much container space, which forces some major challenges now.

When the Port of Coos Bay talks about Maritime industrial opportunities, it is important to think in terms of a generic terminal that will be flexible enough to accommodate continuing changes. It is important to recognize changes in the industry as they are really changing fast.

(Mr. Koch) asked to explore what Commissioner Farm and Commissioner Garcia were talking about earlier. In talking about the guidelines that staff would use for evaluating projects, to Commissioner Hanson's point as well, it is not necessarily going to be profit the Port returns to shareholders. It isn't to say that the Port doesn't want to generate net revenues, because they can use those net revenues to invest in additional projects later, but that is not always going to be the ultimate measure of what will be considered to be a successful or attractive project for the port. Commissioner Garcia mentioned specifically family wage jobs. Not all jobs are created equal. Over the last thirty years, this community has seen one type of job that paid well above the state average replaced with another type of job that is predominately at the very low end of the wage scale.

Mr. Koch asked Mr. Steinke what factors, other than family wage jobs and net return on the Port's net revenues off of the projects, should they be looking at when evaluating these projects?

(Mr. Steinke) That is a good question. He would encourage the Port, if they don't have some kind of leasing policy or evaluation policy, that it is probably a good idea to have some valued principles. Most ports have some kind of leasing policy, land evaluation and look at types of cargos differently. You look at return on investment, return on improvements both on land and buildings. There ought to be some basic targets or guidelines for when a customer comes in with an issue. There needs to be a specific policy with that piece of land whether it is coal, LNG, containers, or logs. They may all be the same or different, based on the value of the commodity.

He said you may come off of the guideline for jobs or many other cases but at least it gives you the guide that says we are not just pulling numbers out of the air every time. It ought to start from the base of some kind of policy, guideline, or target.

(President Kronsteiner) The Port has some standards from years ago but he was thinking perhaps they should review them on a regular basis. It ought to become something they put on their calendars because the Port is changing, and opportunities and values are changing. The last time he remembers reviewing it was five or six years ago when they were talking with different customers. He thinks it is a good idea to make standards that will allow for easier discussions with new potential customers.

(Mr. Koch) We certainly place higher emphases today on cargo opportunities that rely on the rail line for service.

(Commissioner Hanson) From a business perspective, the Port is helpful with looking at options and how to make businesses from this area competitive with other businesses outside of this area. Sitting down with CBR and trying to figure out how they can get the freight cost down so that they can be competitive in some special and low value commodity areas is the difference between running and not running, which has a huge impact on jobs. (Mr. Steinke) A very small increase or tariff rate could put somebody out of business in a heartbeat.

The Port of Long Beach vacillated on things like tariff rates and pulled back and forth from the agenda for discussion and get public comment on this topic. If we did as much research as we could, still a lot of times there is a silent minority out there that doesn't say anything until it is actually on the agenda. It is important to differentiate if you want to keep jobs and keep that customer, but by the same token they found they had undervalued a lot of commodities. For years petroleum coke has been undervalued. He said someone told him they were getting charged three times what the Port of Long Beach was charging. There were no complaints from the customers and the refineries were fine with that. They didn't switch for several years because they undervalued their commodity. That is an important point in terms of how you price your services and tariffs.

(Mr. Koch) The flip side of that is because we are the Port; we have the broader economic development mission as well. We want to make sure that we are doing everything we can to support jobs here. Owning the rail line and perhaps setting the tariff on the facility, the Port has the ability to look at more than just return on investment when they are the ones setting those rates for particular types of moves and particular types of opportunities. Without the Port making some concessions the community could lose those opportunities. It is always a fine line, because at the end of the day the Port still has the infrastructure to maintain and keep in a good state of repair but you have to have that balance between doing that and keeping the jobs and the industry here that needs that infrastructure.

(Commissioner Farm) He likes having the land lease policy or some other way they are able to evaluate that or give them some sort of relief to say this doesn't fall within their criteria.

(Commissioner Hanson) asked if the rail cars are up to 7,000 a year.

(Mr. Koch) We will probably clear 7,500 this year.

(Commissioner Hanson) Off the base of 0 a few years ago, how much business has grown on the back of that? It is difficult to quantify but it would be really interesting to know. Obviously there is still a lot of trucking going on so it hasn't necessarily taken all of the business from trucking and there is

business growth here. She doesn't know how much was made possible from the rates of their savings. If there is something there that is quantifiable.

(Mr. Koch) replied each year the Port has done an impact study. Once they wrap up 2014, staff will have Paul Sorensen work on the 2014 Impact study for rail line. It is mostly looking at the economic impact of the investments they are making in the rehabilitation; jobs that are created on the rail line spin off from their expenditures. He is not sure how much that drills into the industries that are served.

(Mr. Callery) It does consider the number of truck loads removed from the state and regional highways systems. It considers environmental impacts. The Port will continue to get these studies because it continues to show that there is economic benefit from all of the operations whether it is rehabilitation of the line or whether it is actual freight rail movements.

Based on the data that Mr. Sorensen was able to get they have the aggregated number for the economic benefit to the shipper. It is not each individual shipper, but the data he gets from each of the shippers when he has a conversation with them is aggregated into a savings factor.

(Commissioner Hanson) There may be times when you are not taking trucks off the road, but actually a new market that was accessed.

(Commissioner Farm) Having that kind of number will be helpful explaining or describing a return on investment of the public funds the Port has had. Also additional grant funding would really boost, not only the fuel saving of the trucks off the road, but saving ODOT and being able to really add that multiplier.

(President Kronsteiner) There is also a retaining compliment to this. You don't know where these people would be without the rail.

(Mr. Koch) That is what was assumed when the Port first acquired the rail line. There wasn't service and the Port knew there was an overnight increase in their costs for shipping their product which put them at a disadvantage. Port staff saw layoffs in some of the industries that were served. It came at a time when there was a down turn underway within the timber industry. Based on what they were hearing at that time there were certain manufacturing operations in this area that would not still be here 5 or 10 years after the rail service ended. The further you get out there once the Port has restored the rail line, it is harder to pin it to their success and operation on the existence of the rail line but it certainly has to be a factor.

Hypothetically he would like to figure out what it would cost the shippers if they didn't have the rail line right now. There are some similarities here in what the Port is studying with the Channel Modification project. Staff is looking at the various economic impacts that occur, and economic benefits that accrue to the national & regional economy from going deeper and wider.

The Port has a 37 foot channel. A fully loaded draft of 38 feet is only able to sail on high tides and there are some weather restrictionson top of that. That is a part of the Port's economic evaluation justification for the Channel Modification project. It is similar with the rail line and any mode of transportation.

(Mr. Steinke) We are talking about a lot of different metrics and it is how you measure what you want out of the land and leasing policy. Obviously dollars are important. Jobs are important. Regional benefits are important. All of those things are part of that calculator and the Port's board and staff need

to be able to put all of these in some kind of priority. It may not be the same metrics every time for every project. The jobs created by a certain project out-weigh any of those, by a different project. It is on a small foot print but the through put is significant.

What are the Port's differentiators here? What does the Port have here besides this tremendous board and great staff that set them apart from other Ports? What makes this Port more competitive?

(President Kronsteiner) When the Port had an employee in New York, the Port of Coos Bay was looked at as the low hanging fruit because of their undeveloped property on the waterfront.

(Mr. Steinke) You are land rich.

(President Kronsteiner) Yes, compared to other ports.

(Mr. Steinke) The Port of Coos Bay has tremendous rail. The Port has paid for it but would some of the projects recently discussed be possible without rail? Probably not.

(President Kronsteiner) Deep-water.

(Commissioner Farm) Un-obstructed water.

(Commissioner Martin) Very short transit to the open water.

(President Kronsteiner) Safe bar.

(Mr. Steinke) What else differentiates the Port of Coos Bay?

(Commissioner Hanson) Because our Port is smaller it is able to be more nimble and hungry.

(Mr. Steinke) That is a huge selling point. Everyone wants reliability. JCEP will demand it and any terminal will want to know if the Port is going to get their product out, and that it's reliable and it will be happening on a daily or weekly basis. Right now the U.S. West coast ports are not reliable. They have labor and growth issues and cargos are going someplace else.

Shipper upon shipper will say they can put up with a longer schedule as long as they know it is the same schedule they will have every week. But if it is 3 days, then 7 days, then 11 days, back to 3 days it won't work. Being an agile port is huge and should be a huge selling point. The Port of Coos Bay is at an agile point because they are small, they have a good staff, and have kind of unanimity of position. When someone comes in they are going to get the same story from all the staff and board. This Port can deliver and I believe this is a huge asset.

(President Kronsteiner) Proximity to Asian markets.

(Commissioner Farm) It could be both a positive and negative differentiator but remote location, A distance from market but also distant from major population centers. It isn't in your back yard.

(Mr. Koch) It is a lack of congestion that is a result of that. Another differentiator is political support. The Port of Coos Bay enjoys a significant amount of local, state, and federal political support for the types of projects they are doing here that is frankly different than other parts of the state on the same type of projects.

(President Kronsteiner) Less than other parts of the country.

(Mr. Koch) Less than other parts of the country sure, but within our cohorts on the West coast the Port of Coos Bay has a unique coalescence of political support at all levels.

(President Kronsteiner) Absolutely.

(Mr. Steinke) In the wide world where he came from he would put that number one. Value and cherish that support. That is something that sometimes is almost incalculable but you know it if you don't have it.

So, we have all of these differentiators and we have a plan so let's talk about terminals or Maritime industrial. What would be the perfect terminal? What makes these open up the opportunities for customers and revenue and everything else?

(Commissioner Hanson) Tonnage over the rail through the terminal.

(Mr. Steinke) Taking advantage of all of your assets. So, you want it to be rail served, high volume. Any community downside to the higher volume? Is it ok with the community to see two unit trains a day coming in and out or however many you can get in?

(President Kronsteiner) From his perspective it is much better than their last economy. Before, when the economy was doing well they had lumber log chip trucks one after another through the community. The things they are pursuing now are rail and pipeline, a lot less effect on the community. He thinks they are creating a much better situation.

(Commissioner Hanson) The potential of commodities, going to the North spit would probably create a different route that wouldn't necessarily go through town.

(Commissioner Martin) Believes our local community will be a lot less bothered by the unit trains than the communities that those unit trains will pass through which gets back to politics.

(Mr. Jacquot) Agrees. There have been some outside community concerns about unit train traffic in Reedsport and those areas that have crossings. But he believes they have limited numbers and are easily at peace with the community relationship the Port has with those communities.

(Mr. Koch) Because the Port is a public agency, they do have accountability that a private short line operator might not have to the communities that the rail line runs through.

The Port is going to take it upon ourselves to do what we need to do to mitigate any impacts. Reedsport is the prime example because the rail line runs right through the middle of that community. There are 2 at grade rail crossings in that community. With enough volume moving on this line the Port has the opportunity to mitigate those impacts.

(Mr. Callery) You have to take in to consideration the commodity. The Port learned that lesson and knew the controversy that would occur with that project. In the realm of politics where the Port may have been able to fully convince Western Douglas and Coos Counties that this was in their best

interest. The Port never would have convinced anyone in Lane County that unit trains of coal were ever in their best interest.

(Commissioner Farm) Add flexibility as an attribute of a perfect terminal. It may not be at the same time the Port is able to do any cargo but they are not stuck with a ship loading facility or you can't very easily transition it to another cargo.

(President Kronsteiner) The terminal, from an operation standpoint, needs enough berth access too. It is extremely important that vessels get scheduled in. You need a place for the other vessels to be available to begin loading, unloading, or offloading.

(Mr. Koch) Professional operating service. Having the right contractor, lessee, vendor that's providing the marine terminal operating services on that site.

(Mr. Steinke) Professional Marine terminal operator.

(Commissioner Martin) Reliability cuts both ways. He said they need reliability from the Port but the Port's ideal operation is going to be one that gives them reliability as well.

(Mr. Steinke) I think that is key.

(Commissioner Hanson) s On the cargo side we mentioned some type of benign material that has a history like sodium bicarbonate or something that has a history of not wild super cycles like coal or iron but something that has been very steady and non-controversial....In a perfect world.

(Mr. Steinke) So far we have a pretty good terminal.

(Mr. Koch) Stable, positive, collaborative, positive, relationship with labor.

(Mr. Jacquot) Is there any value in discussing whether import versus export.

(Mr. Steinke) That is a good point. He believes they need to cover that question under "flexible" terminal. It is able to turn itself around?

(President Kronsteiner) The perfect terminal has enough acreage for a rail loop.

(Commissioner Hanson) With the rail it's profitable enough to justify its investment back into the Port's infrastructure locally.

(Mr. Koch) Is up for positive net revenues.

(Mr. Steinke) Asked if there was anything else they can think of in terms of the perfect terminal the Port is going to provide the company that is going to bring in clean safe cargo that has a great relationship with the South Coast ILWU that it is going to provide the Port with a return on their investment and make a little money themselves, that is flexible enough for them to say Hey wait a second! We're going to either add a cargo and change the cargo mix or the economy is changing and

now we're going to start exporting more of the product than we thought when we first started and it's not going to take much money by anybody to change the operation around.

(Mr. Koch) Enough tonnage to kick the Port into the high use category with the USACE for O & M funding. It's going to receive all the USACE O & M funding that it needs for the navigation channel so they can operate at full depth. You see the challenges on the Mississippi, the Columbia, and other ports where even Grey's Harbor were authorized to 38 feet but never dredge to 38 feet only to 36 feet. You have to be able to get the ships up the navigation channel to your facility.

(Mr. Callery) Rather than rail hanging out there by itself he thinks the better term would be multi-modal including rail because you still need truck access, and other types of access in the facility.

(Mr. Steinke) Good comment. If they had either rail or truck they wouldn't have much of a terminal unless they go from ship to barge or something like that. This is a perfect terminal for the Port to develop. Let's talk about how they make sure you get there. Let's go back to differentiators, an important point. So, we have their perfect terminal let's do some scenario playing.

You have 200 acres of land on the North spit and ABC Company from Japan comes in and says this is the perfect area, we will invest \$100 million dollars, you sell us the land and we will pay you market value for the land and we're ready to get going. As ABC Company we know we need to go through all of the permitting but we will take care of that. We just want you to be there as the Port. We know you have lots of needs in dollars and how you spend them and your big project is just about ready to open but you need to bridge the gap between now and when the revenue starts coming in from the big project. What do you do?

(Commissioner Martin) Thinks Mr. Steinke's hypothetical problem started with selling the land. He thinks the board all has reservations about that.

(Mr. Steinke) What does the Port control at that point if they sell them the land? Not much. One of the things that was a basic principle where he was at was a leasing policy. Always acquire and never sell.

His perspective based on his own experience is that you just can't go out and find land with deep water access once you have given it up. There are a lot of creative things you can do. You can mix long-term leases, do a number of things to partner with ABC Company in Japan, but not outright sale of the land. It would be a big warning flag for the future wellbeing of a port because then you are into a little bit of a mixed mission. If we went back and asked what are we? We are an economic engine and without land and the ability to develop that land you are taking one of your bullets out of your gun. When we are talking about Marine terminals, it is key to hang onto that asset and make sure it is safe in possession of the Port of Coos Bay.

(Mr. Jacquot) What is the longest term lease Long Beach was into?

(Mr. Steinke) The longest lease was 66 years and re-negotiate every 5 years so you have to open up the lease. He believes they have recently changed it from 66 years to 50 years. The most recent one before he left the Port of Long Beach was a 40 year lease with a major Ocean shipping company. Normally they wouldn't have done that because 40 years for someone in the container industry is a long time. There is a huge amount of value in those agreements and with the way the world is changing, the Port had to put some language in there that says if they flip the lease, the Port gets a part of the value that they have sold it for. That is another interesting principle or provision you can put into some of these leases. It is important when you have a lease structure that the lessee is going to sign their right or sell

their lease value, that the landlord get something out of it. That is an aspect of the leasing policy that they would make sure they included.

(Commissioner Farm) I don't want to sidetrack this conversation too much and maybe we can come back to it or leave it for another time but what about a facility the port owns right now with a structure on it but it needs improvements that the Port may or may not be able to do now. Any suggestions on how to evaluate those facilities? Any strategies for evaluating today what the Port would do with something like that? The shipyard has an operating company in there right now, it potentially needs some work to the facilities the Port owns, but maybe the Port is not able to do that right now.

(Mr. Steinke) asked if the operator is a company that has the financial wherewithal to partner with the Port.

(Commissioner Farm) Potentially, it wouldn't be like a shipping company. Talking Mom & Pop.

(Mr. Steinke) What kind of terminal lease or operating agreement do you have now?

(Mr. Koch) It is actually a lease on the building, the structure they are operating out of.

(Mr. Steinke) If there is mutual interest, communicate with the operator. Hey we need to improve that asset. If that person wants to stay, we exchange terms for investment, we'll give you 10 more years but you need to put in so much money into this terminal. You gauge their interest that way. The economics may not be similar but those are the things they would do if they had a good relationship. If they had a string of these guys that were a headache, they would terminate the lease and then re-evaluate and see if they could get someone else in.

(Commissioner Farm) In this situation, there is a concern, before going too far out on that would be what if the operation ceases to exist and goes out of business? Hopefully that does not happen but what protection does the Port have for their investment? When they evaluate that, it should be considered in there if there is a way the Port can be protected.

(Mr. Koch) asked about some of the strategies that Mr. Steinke has seen out there for how a Port Authority protects itself on a capital investment that makes it a facility for the event of maybe a downturn in the throughput of the facility or downturn of the economy that forces that company out of business.

(Mr. Steinke) Part of it has to do with the market the Port is in but what they would do is make sure that terminal is flexible enough so if someone defaulted on the lease or couldn't make a go of it, there was someone else who could come in. We have talked about leasing policy. The Port might want to sacrifice a little bit of those returns to grab some people to fill the vacant terminal on some better terms because we know they are more sustainable.

He doesn't believe there is any hey let's go through the list and boom, boom, boom answers. You can make some protections in the lease, you can get a performance bond, and you can get a number of things to try to protect yourself as landlord as much as possible. You try to work with them, you try to reduce their rent if you can, it's going to extend the time you get your return on investment but most people get a pretty good feel if there is willingness on the part of the partner or tenant to work with

you. If it's a sinking ship, you can't rescue them. You have to be able to hopefully have that terminal that is flexible enough. It's a tough one and you have to have enough other assets that are providing revenue and again that is being part of a diversified port. The Port of Coos Bay has the rail, Charleston, and the Marine terminals. He thinks they are starting to broaden the base so that if something isn't performing, hopefully something else will bring in revenue in its place.

Let's talk about the perfect terminal a little more.

Now that we got it and decided the ABC Company isn't going to get it in terms of their full ownership of the land, where do we go from here? They are still interested and still want to invest. They can't own it but they will enter into discussions about leasing it. Where do we start with the lease? This is important because you have your leasing policy, valuation policy, or land policy in place and say, ok ABC Company you are not going to own the land but we are willing to lease it under the following terms and conditions. You determine they are still interested and still interested in the lease. We talk about protection. What do we want to do and what do we want to have in this lease to provide the Port just what we want? We have already said who we are and what we are, what our differentiators are, so what are the lease terms going to be like?

(Commissioner Farm) Stepping back one step, do we know what the commodity is?

(Mr. Steinke) let's assume it's a commodity that....do we care? Yes I guess we care.

(Commissioner Farm) The reason being is they talked about differentiators and that political support at all levels is one of the Port's biggest strengths so if we decide to go after coal or any other highly controversial cargo, we may lose some of that support. Should we focus our effort on that?

(Mr. Jacquot) The terminal location may be the only location the Port has controlled commodity. Once industry is on the rail line, we have common carrier obligation to provide service to any legal commodity so if we want to exert influence over the commodity, it may only be at terminal location.

(Mr. Steinke) Great question and for the sake of this role playing scenario let's assume that the commodity is legal and has passed the community smell test.

(President Kronsteiner) It is an important question because the Port only has so much property on the North spit. They have a railroad that needs to have significant business to maintain itself and at some point the Port has to develop some sort of bulk commodity that the railroad can handle. If they are sending something that doesn't use the rail then that puts a different perspective on it for him from the very beginning.

(Mr. Steinke) So, we've come back to the differentiator.

(President Kronsteiner) The rail needs to service the people that it is currently serving and if the Port can't continue to maintain it, it could fall apart like it did before.

(Commissioner Farm) This is the Port's opportunity to do that maintenance.

(President Kronsteiner) Agreed and we only have a few opportunities out there to do it.

(Mr. Steinke) We talked about our perfect terminal.

You know what? We're going to use the rail. We'll use it once every 3 months. We're bringing in wind turbine blades and you'll get one every 3 months and maybe one every 2 months, so I would say let's look at something where we're going to get what we call a guaranteed annual minimum that says ok guys one of the key aspects of this lease that we are going to enter into is some kind of guaranteed annual minimum that is going to provide the Port of Coos Bay a floor so that it protects our investment if we're investing in this terminal.

People talk about public, private partnerships all the time. Most leases in U.S. ports are public/private partnership. Let's say this guaranteed annual minimum is able to provide us with downside protection, They say they are going to bring in a unit train a day and they bring in a unit train a month. If our minimum annual guarantee is so much volume or so many dollars, we've got it and the risk is all on them at this point. We have protected ourselves as a port.

(President Kronsteiner) Is that something you can protect with a bond?

(Mr. Steinke) Yes. That is a performance bond. They will get it from their bank on behalf of the Port or whoever is going to hold it, and they have a performance guarantee or performance bond providing you with an annual guarantee of so much. If they default and the Port can't arrange some kind of negotiation with them that says, "we will defer until next year but its accruing interest" or whatever else, then you can cash that performance bond. It's all part of leverage and negotiations. If that ABC Company is truly committed they will accept the performance bond. It's not something unlike what they have done in ports around the world.

(Commissioner Hanson) We need some clear expectations. I don't know if a ground lease would have any, but any money that is going to be paid out over the lease term should really clearly specify expectation we set.

(Mr. Steinke) That raises a good question and one I think you are starting to see in leases. Putting in performance measures. If they don't hit their guarantee for 2 straight years, you're getting the money but that's really not what you want in that terminal. You have gone in with full expectations that the high volume is going to occur on the rail and all of a sudden the Port is saying thank God we got the guarantee, but my rail is still suffering. So do we put some expectations in terms of performance in there and do we need to put some performance metrics or some KPI's or something in there? These things are relatively new. Where this evolves in a lease is a preferential assignment agreement, or partnership agreement. You start looking more deeply into their operations in terms of performance metrics. Maybe having some rewards for exceeding expectations and some penalties for falling below that.

In a lease you want to have break points or revenue sharing. This doesn't happen with every lease but it can be an element that incentivizes your volume that say's, "Hey wait a second, you are going to pay a dollar per ton for the first 500,000 tons." Then greater than 500,000 tons we will drop it to 50 cents. What does that do? It tells these guys bring it in and let's open up the rail and by that time you guys

will have made further investments in the rail. You have been able to because now they are incentivized to move volumes through this port.

(Commissioner Hanson) Metrics.... maybe milestones that are hit.

(Mr. Steinke) That's a key point. We talk about messaging and marketing. Martin you talked about the old logo. Yesterday we went through a whole re-branding and re-marketing of our port and I know some Commissioners were in Seattle for the Commissioners Seminar but I gave a talk up there about a Social license to operate. We learn the hard way and that's why I congratulate you guys again on this project you are doing. You have covered a lot of ground and you've anticipated some issues.

We thought we were being very good environmental stewards in Long Beach. We were. We didn't package it at all. We didn't express it to the community. We had lost our social license to operate. Metrics are important to this community whatever they are. Housekeeping in the terminal or whatever they are, put them in your leases. What you will find out is that those environmental metrics become part of your tenants annual report and they are sitting there saying, "Guess what we're doing at the Port of Coos Bay." They may say the Port is forcing us to do it, but in those annual reports, everyone is saying, "Wow what a good environmental steward." Then they are marketing that "green stewardship" to their vendors that they are the most responsible environmental carrier in Coos Bay. That works both ways. It's good for the Port and it's good for them. They don't have to be punitive. You can make best efforts or annual reporting requirements. There's a lot of ways you can make that into an incentive opposed to a punitive measure.

So we are fashioning this thing where we've got protection, we are getting some things that make them perform, and we're incentivizing them. What else do we need to get?

(Mr. Koch) Termination and buy out. That just recognizes the fact that if performance does not meet what was promised when you lease that facility out, you need to be able to make a decision, or the future Port Commission 20 years down the road needs to be able to make a decision that un-does what we call a perfectly reasonable decision today.

(Commissioner Hanson) Is there anything you can do on a lease level that can assist with labor relations? Make the conversation more collaborative?

(Mr. Steinke) That is a really good question, but a tough one to answer. Personally he thinks the lease itself isn't the form to include that.

There is an expectation by the tenant to know the lay of land and the labor environment before they come. They may not like it. They may love it depending on where they are coming from, but I think that is something as a landlord, the port can facilitate, but I wouldn't put it in a lease document. This is my personal feeling. What else do you need to have in this lease? We didn't talk about term. What kind of term do you want?

(Commissioner Hanson) Provisions.

(Mr. Jacquot) Provisions to negotiate through the terms. Situations change.

(Commissioner Garcia) It is a two way street. If you are going to be negotiating terms up or down the lessee is going to want to be able to adjust terms on their side.

(Mr. Steinke) As a port what do you want to do? You are the landlord.

(Mr. Steinke) It is all part of your leverage. His personal position is that he would not give them renewal options in the lease. If you look back you would be giving up flexibility, maybe giving up some profitability at the end of the day. Assuming you have 1 terminal and that's just an assumption, and you have entered into a 10 year lease, these guys are ok and they've done well, they have met their guarantees and have never hit the break points that you have put in there, but someone else comes in and says at 10 years, "We would love to take over that lease." What do you have for them? Are they going to assume the lease from our current tenant? Or do you wait? If you don't have an option, you've given yourself at least a better opportunity for some competition at the end of that lease.

(David Koch) What you are talking about is the option for the tenant to unilaterally renew the term of the lease for multiple periods.

(Mr. Steinke) I'm sorry, yes. I should have clarified that. It's a 10 year lease and the Port gives them 2 five year options. So if they exercise both of those options it is a 20 year lease.

(Mr. Steinke) Its things to think about. No absolutes. I'm not trying to say you cannot give options. It may be part of the bigger picture. It may be part of what you have needed to do to secure this lease. But in terms of looking at the pallet of oppotunities, these are the things you want to think about. Calculating the relationship you are going to have with the amount of investment, what your future is going to be. Is it consistent with your leasing policy? Those are all things that ought to be part of the calculation as you get into the leasing of the Marine terminal.

(Commissioner Garcia) I was suggesting there should be escalator clauses so that there are defined parameters in it that would be for increases.

(Ms. Wall) I just want to say from my operational perspective, I appreciate all of the elements of this conversation because I feel like we're already dealing with this on a smaller level. I very much appreciate this thought going forward. Marine terminal or any other existing lease for any business unit that we're in, it's a huge deal for me.

(Mr. Koch) If we give a 10 year lease with 2 five year renewal options at the discretion of the tenant, we have to recognize that we are essentially giving them the 20 year lease. All of the advantage on their side to make the decision. There's a higher better use for that property that comes along on our commercial leases as Kathy's talking about. If we give somebody a 1 year lease with 7 renewal options of one year, we just have to recognize we have given them an 8 year lease. We might as well give them an 8 year lease with escalator clauses.

(Commissioner Farm) The problem with that is that you can't recruit anybody to fill that space so it's going to go vacant before you are going to be able to recruit because at the end of 1 year, you're not going to go have somebody waiting on the sideline for it to go vacantIf you have a fixed window, you can at least say, "well there is going to be a building available potentially or a terminal or whatever."

(Commissioner Hanson) That's a huge point too.

(Commissioner Farm) And they can vie for that potentially. Maybe we give preference to the existing customer if everything's going well but that way, we're not having to have a bunch, I don't think we necessarily have a bunch of people, waiting around for property but this will allow us to market that there is an opportunity that will coming available on this day.

(Ms. Wall) Thank you.

(Mr. Steinke) I think you find that out. You look at a number of ports that have similar opportunities. They will send out a Request for proposal (RFP) and they will say Marine terminal at the Philadelphia seaport, give all the information, and they have a tenant right there. That tenant can certainly put in a proposal or an expression of interest to bid but your gauging the interest in your property. It's certainly an opportunity that you guys then control as opposed to somebody that says I've got 10 more years and there's not much you guys can do.

(President Kronsteiner) called a recess at 10:00 a.m.

(President Kronsteiner) called the meeting back to order at 10:17 a.m.

(Mr. Steinke) We are marching through what our ideal terminal is going to look like. It's all things to all people. It's the envy of ports around the world. We have a party that really wants to come and join our family here at the Port of Coos Bay. We have already told them that ownership of the land is not something that is within our framework and our policy but we're certainly willing to work with them on a mutually acceptable lease. So we are marching through the things we want in our lease and they have said yes to everything so far. This is great. They are bringing in things we agreed are what we want to see here at the Port. Commissioner Garcia brought up some things about escalators and I think there are some things you can do with escalators and I think those are good. I wrote down kind of the one that's most commonly used and that is Consumer Price Index (CPI). Do you want to talk about any other useful escalators that we've entertained in terms of a lease provision that would be possibly acceptable. There is Producers Price Index (PPI), there is a number of other escalators that we might want to use. Does that one concern us at all? Given the investment that we've made, CPI isn't going to quite get us there. If we are on a straight land lease and we haven't decided to do revenue sharing, we may have a guarantee but we want to bump that thing up. Anything else we want to think about?

(Mr. Callery) A conversation we've had at the Northwest Marine Terminals Association (NWMT) is regarding environmental issues that come up with new regulations. I remember two particular ports have log operations. The Washington State Department of Ecology implemented a new process and all of a sudden it fell on the ports, who were leasing the property. But there was no consideration in that lease that said, "Ok, if new regulations come along how are we going to address that?" They really went out on a limb having to invest a lot of port funds to maintain an ongoing cargo operation. I think that's something that has to be built in somehow into those types of leases.

(Mr. Steinke) So put it into your reopeners. I think that's one of the things we really didn't talk about. If somebody asks a question about how long is our lease? How long did it last? We have a requirement anything over 20 years has to have automatic five year reopeners. You have to go in, required by law, to renegotiate that contract. Broaden that so it's not just on rent, but insurance, environmental; those are the things you can do. That addresses your point Martin. To the extent that you can put that burden on the lessee as opposed to the Port you are throwing some of that risk off on them that says, "Hey, if we're ordered by the state to change the standard for run off in this terminal, we're going to partner

with you or you are going to pay that increase, or we'll talk about it during the reopener and figure out a way that we're going to address that standard."

(Mr. Jacquot) On escalators, has it been Long Beach's practice to tie any of those escalators into how their investment was financed? Was there any variable finance costs?

(Mr. Steinke) No. We have not ever gone that way. We didn't get into their financing and that kind of stuff but we created some comfort for them that we are going to be restricted to certain limits. In those limits, if we could prove it was new investment by the port and we looked at the value of improvements and everything else, it ought to be valued on the very high end of that spectrum. That 40 year old terminal that is limping along, it's pumping out the volume, and guarantees, its old cranes and old rail, the pavement's alligatored and it's just at the end of its useful life, it shouldn't be paying high market rent. That's the way those negotiations normally went. It didn't matter whether it was container terminal, break bulk, or liquid bulk. We kind of kept that same negotiating strategy or reopener strategy. On the land leases, a lot of them were just CPI.

(Commissioner Hanson) CPI, if you are working with say like a Chinese company versus American, there's a big spread between CPI today. Say there was a Japanese company with huge currency issues It might be interesting to try to mitigate some of their risk for those large spreads like what you're seeing today in the major Pacific countries.

(Mr. Steinke) Yeah, if that was something the ABC Company wanted to take a look at we would probably say yeah, take a look at that but there would be other restrictions that would make us want to go back to some better indicator or better escalator that is well known in the industry and isn't subject to some variances like that.

(Commissioner Farm) Is there a different one that is more accurate? Is there a better indicator or index?

(Mr. Steinke) No. I think most people fall back to the CPI. Like I said there is a PPI and some other U.S. Department of Labor statistics and things like that. It may be specific as to the commodity or it could be specific as to the location. It's just how creative you want to get. If something has worked, I think David and the staff will probably attest to the fact that there is no better place to call than another port.

(Commissioner Garcia) To Brianna's point I think there are some currency valuation hedges that can be used when you get products or commodities that are priced in dollars or in other currencies so that there can be ways of mitigating that currency risk for both sides.

(Mr. Steinke) So we've got our escalator in there. We've got our reopener to address financial and insurance and environmental issues that come up during the term of our lease. How about uses? By uses I mean what these guys have decided. We've decided that they are not bringing in Hello Kitty dolls because that doesn't need to be carried by the rail but they are bringing in some kind of high volume material that is good for everybody. Down the road they say, "We're bringing in some new widgets," or we would like to bring in some new widgets. Does the use clause in your lease allow that? Or is it very restrictive?

The discussion of renegotiation. The point is by this time we are 5 years into the lease and the rail is performing, we've got JCEP spending off some dollars, these guys doing well, they've exceeded their guarantee and Company #2 comes in and says, "Hey wait a second, we want to bring in the same stuff, the market is huge." What do we do?.

(Mr. Koch) We're negotiating leases. If we're for building into that lease, requirements based on the particular commodity that we expect them to be moving and we've set a tariff rate or a tonnage rate within the rent that is based on a certain amount of cargo or type of cargo coming in that has some particular values associated with it. If they switch from a \$10 widget to a \$100 widget and we are only collecting so much per widget, that may be a reason we want to renegotiate what we are receiving as the owner of that facility for what they are moving across that dock.

(Mr. Steinke) Let me give you a little case study that is interesting just because of the nature, the commodity, and how it comes into the San Pedro Bay.

A recycling company acquired another one in Los Angeles who went into a different part of business. They got very specific uses in Los Angeles. When they took over the lease from the Japanese company we put some very restrictive uses in there in terms of what they could and couldn't do. About five years down the road they come to us, the scrap market is not doing well.

Now they will try to expand their uses. So, we looked and said, hey it's a good tenant. They are struggling. So they had wanted to export some iron ore. It was environmentally friendly, the harbor cars were covered and they were stored. The fact is that now we've expanded the uses of that facility to include iron ore. It has helped them because it is supportive of their operation during tough times for scrap. The facility in Los Angeles is still liable because they've got that additional option to do shredding over there. But it provided us with some additional revenue at the Port of Long Beach because now we've got another export commodity that is rail served down there. We are getting more use of the rail. The Short line railroad operator down there who operates on behalf of the two ports and the class 1 railroads was getting more business so in doing that it turned out well for everybody. But that original lease when it was started wouldn't allow that to happen. Quite frankly we didn't wait for the reopener. It was a mutual decision by staff and the board. We were concerned about the type of commodity and everything else but at the end of the day it ended up being a win, win situation for everyone.

What we have done and the Port of Los Angeles has done and other ports have done is not giving leases out. They are called preferential assignment agreements. When it comes to performance and some of the things we want to have and achieve, if the tenant is not optimizing the use of the waterfront terminal or waterfront wharf or berthing space, and if they've got 20 or 30 acres that is not being used, the preferential use provisions in that document allow for the Port to come in and say, "Hey, wait a second, we can have another operation come in and use that area that you are not using." There may be something that might be done between the Port and a user on the 20 acres. If there is berthing space, it just gives you another tool in the tool box to be able to look at the options. It may never come up, but it's something that you may want to refer to or look at now or down the road.

One of the things I think we may want to talk about and one that always provides interesting discussions is maintenance. Who does it? Who should do it? How do you protect your assets? You've got a Port responsibility, a tenant responsibility, shared responsibility. It is going to come up and I'm sure it has come up whether it's in the marina or other areas. It is better to address it in the lease. We've seen the gamut of maintenance provisions, multiple page exhibits that deal with light bulbs and holes in doors and rail and all kinds of things. Or do you simply say you know what? That's you guys. We don't run the terminal. We're not in there doing anything so all that gets thrown off on you. Sometimes a triple net lease that says you guys are paying it all.

(Commissioner Farm) I like that. Maybe our example is deferred maintenance or something that addresses that. We can either factor it into the lease or outline what our plan or schedule looks like for doing it. That it's not assumed we will do it tomorrow. That we're agreeing that over the next 5 years, 10 years or whatever it is, that we're going to get to it at some point.

(Commissioner Hanson) Maintenance improvement like a schedule?

(Commissioner Garcia) Should we also have a clause that says if you don't do this that we're going to step in and take care of something?

(Commissioner Farm) There are two different levels. It's the ordinary maintenance and deferred maintenance.

(Commissioner Garcia) At some point something is a liability to the Port. It could be a safety issue. It could be any other issues that we are ultimately going to be responsible for so there has to be a clause that says if you are not taking care of these essential issues that have to be done that we will then step in and take care of it. A lot has changed in the last 15 years. I would say, where now one of the provisions is, it says annually the Port will go in and do an inspection of the facilities. It doesn't make a lot of people happy because the question is, are you knit picking me? Hey wait a second; that is normal wear and tear. There has got to be a way that you deal with this diplomatically. There has got to be a balance.

(Vice President Farm) I would say doing this goes both ways. We can get that put back on us that it's our responsibility that the facility isn't in a safe condition. Unless it is outlined in the lease that they will be responsible for it.

(Commissioner Hanson). I have a question. If you had a triple net lease where you have a common area of maintenance usually split up. But if you have different customers, maybe you have a big foot print where there's no one and a small foot print where there's something very profitable. How do they divide up those things that they say we have to do this for enclosed common area?

(Mr. Steinke) It is normally done by square footage or acreage.

That is normally the way it is done. It may not be completely fair but it's kind of like utility services or police services. You've got to spread it out. What's the best way to do it? What we've found is it is usually based on square footage allotment. If you've got more acreage, the assumption is that you are going to need more police protection or maintenance or whatever else, or more expensive roadway system or something like that. If we take it on, the tenant takes it on, or some kind of a shared responsibility, but if there's no follow up, and there's not some provision in the lease that says this is a schedule by which we will go in and inspect to make sure that you are maintaining the facilities according to the exhibit or whatever else, it causes a lot of consternation especially if it is the termination of the lease. We talk about lease term. One of the biggest issues is if the guy says I'm on a short string. I have a year left and I'm not going to do anything. I will keep that maintenance money in my pocket and let the Port or the new tenant worry about it. So that's one of the downsides that you have to look at when you are evaluating, especially towards the end of the lease.

(Mr. Jacquot) As a landlord, are there any special insurance issues that we should address in the lease?

(Mr. Steinke) Yes, and again I think you're lawyers will serve you very well in that regard. I don't know that this port is any different than any other ports but the lengths of liability and making sure the

tenant has proper insurance, liability insurance and all of the other types of insurance provisions and amounts that are added to protect the Port are important.

Let's dive a little more into some basics of the do's and don'ts on industrial property. We've covered quite a few of them. In maritime leases, land ownership is key. Another principle of maritime leases is water dependent uses.

One of the basic principles we lived by is not putting non-water dependent uses on the waterfront. I can't emphasize that enough. To the extent you have the opportunity and you've got 45- 47 feet of water, make sure the use on that water is reflective of the depth of that water. Don't put tanks on the water unless they have to be on the water. It's just kind of a basic principle that says, "Hey this water is precious. Deep water is more precious." You just can't afford to give that up unless you absolutely have to for some reason.

(Commissioner Garcia) Can you give examples of mistakes made in that regard?

(Mr. Steinke) I can give you examples of situations that have been recommended that we fought strongly against. We've got an area, West Wilmington oil field, which is one of the very large oil patches in the United States. The center of this oil area is right in the harbor. The harbor subsided about 35 feet. You could look at some pictures of historic Long Beach. What they did was they put in wells to arrest the subsidence of water of injection wells so as they pulled the oil out they pumped water in to arrest the subsidence. What resulted are some pretty nice deep channels in the port. This one area, the back channel we acquired back in 1994, has got 52 feet of water. We acquired it in 1994 and in 2014 it's still vacant. It's not very good land management. It's not very good stewardship of our assets but during that period of time you are supposed to get a counter permit from the USACE. We went through and did a whole environmental impact report. This is during the time of great upheaval and backlash on port development growth. USACE capitulated and said oh no we have to do a whole EIS, so your counter permits you were going to get are now null and void. At that point different things changed. To make a long story short, people kept on looking at this area saying it's 150 acres, let's put it to automobile storage, let's make it into a rail yard to support some of the other container terminals and port staff didn't want to do that. It is paved and basically got utilities there and everything else. So the bottom line is that it sat vacant because staff kept on maintaining that it shouldn't just go to storage of containers or storage of chassis, or automobile storage or something else, that it really needed to hold off until that land area needed 52 feet of water for the operation. That's an example of where those mistakes could have been made and maybe during this period of time you look back and say, "Come on, maybe we should have dedicated this to some less important use." But I'm a subscriber that other services can provide upland or some other area because it didn't need the water for its operations.

(Commissioner Martin) Do you have a perspective on our situation here? I know you had the tour. We have a stretch of property running North where we have deep water access but we have essentially no land side property and we've got a high land railroad right next to the water. I think that's a big question mark within the broader community. What happens with that?

(Mr. Steinke) That's a tough one because if you don't have land to support a waterfront operation, you are limited in its utility I think. There are some things that could take place. I assume it's all controlled by the Port?

(Commissioner Martin) We have a couple pieces but by no means all.

(Mr. Steinke) One of the things that we always had to guard against is what do you do with vacant property? How long do you hold it? Do you hold off for 20 years and not do anything? We found out the longer the property stays vacant the more people got ideas about it. We've talked about the politics. I think this is key. Maybe the best take away is that you guys are really well positioned with being able to control your own destiny. I can't tell you how many parcels of port property, not necessarily waterfront, not necessarily deep waterfront property, but parcels that the Port of Long Beach owned and controlled are now in possession of other agencies because we didn't put them to use. I don't know if that answers your question. But, I think to the extent that you can find uses of property, they become attractive to other interested parties. That may not be anything you have to worry about here but I think in certain ports there is a real effort to redevelop those properties as quickly as possible. Try to warrant them and hope you've got some takers.

(Commissioner Farm) It seems to me that is kind of a follow up maybe discussion to evaluate our holdings on a parcel by parcel basis. We need to come up with our goals or strategy for the Upper bay, the Eastside property, etc. It is going to be different for the Upper bay than it is on the North spit. Maybe have some options with the waterfront development partnership that involve trying to consolidate whether it's us or somebody else. Consolidate all of that Upper bay property and then maybe it will be something touristy, maybe that's economic development..... maybe not industrial.....maybe that's the highest and best use but we don't have the funds to do that ourselves right now.

(Mr. Koch) Fred you had something.

(Mr. Jacquot) Well I was going to say it's a large portion of the Director of Port Development's work plan is for the Port Commission to set some options for those properties. I feel that is a very strong need right now just to have some supporting evidence to make decisions about strategic decisions about parcels.

(Commissioner Farm) I think it's a good public message too if we have planned for it. Whether or not we can execute it today or not, on all these parcels, I think that's great. We know we are not just sitting around not knowing what to do. It just isn't the right time yet, but when these conditions come together that's when we can execute the plan.

(Mr. Steinke) What are our Port metrics? What have they been and what should they be? Are we satisfied at the end of the year and say we survived another year without controversy? Or are we evolving to the point now where, (and it sounds to me and I'll give just my varnished assessment here) there is some real positive energy that's going on and an opportunity to make some really exciting progress to start to be kind of the beacon for economic advancement and recovery in the area. So I'll just leave it to you guys to tell me what you think your Port metrics are.

How do you measure yourself against your neighbors? How do you measure yourself in relationship to your charge from the Governor? As an economic engine are we meeting the metrics? Do we have some real gaps?

(Mr. Koch) I'm going to jump in here. In determining Port metrics, I think one of the things we have to keep in mind is what we control. There are a lot of metrics out there that folks use to measure the success of a port as a whole. What we do as a Port Authority doesn't always have any bearing or

influence either, direct control or even influence over some of those metrics out there that are being used. I think of it as, you've got your inner circle of things that you control then beyond that you've got a circle of things that you have some direct influence over. Beyond that you have a circle of things that you have indirect influence over and beyond that is everything else. For example, labor relations for us pretty much falls outside of everything. We don't control it. We have no direct influence over it. I would argue even if we have indirect influence it's because we are not the ones that are at the table in the PMA/ILWU negotiations. We're not the ones in the negotiations between the terminal operator and the ILWU. We just stay on the outside and watch it happen because we have no influence really over it other than the ability to have conversations with people and there are a lot of people that have conversations. There are things though, that as we get closer into that circle, that we have some indirect influence over or direct influence over or actual control over that are probably the things that we should look at. As we get close to that circlethose are the things we should use to measure our success as a Port Authority because when we invest time and energy and staff resources and money from the public into those things, those are the ones we have the most ability to move the needle on.

(Commissioner Farm) Those are all the things that have the least public visibility. The two things that I think would have public visibility are ship calls and rail cars. Truly, those are all outside of our control. We are influencing them but we have no control over how many ships come in the bay. Those are all market driven and so we can do everything we can to support them.....but if rail volume goes down, it's not necessarily something that was one of our issues. (Mr. Koch) Yeah and then we have more influence on the rail side of things than we do on the vessel call side because of our ownership of the rail line. For example on the green hill siding, I would say we don't control the volume of rail traffic because we don't control the markets nor do we control some of the other things that get in the way. But we certainly have the ability to influence it. On vessel calls, aside from what we might do to assist in the development of a terminal or develop our own terminal, certainly what we are doing with the channel project to remove some barriers to vessel traffic, those things we do to influence. There are a lot of other factors that limit our ability to move that needle that is impacted by everything else that is out there influencing those trends.

(Mr. Steinke) Do your private sector partnerships....do they have a (for lack of a better term) harbor users group or a public relations arm? If you don't control the calls and the volume directly, do they have a mechanism or a means to report to the public for their constituency that you have or can you get information from them that says, ok let's give you the state of the Port each year on where we are?

(Mr. Callery) At times in the past we have had a Coos Bay Shippers Association here and it has been crisis driven to put it as bluntly as I can.

(Mr. Koch) Circle back around. I think what a traditional metrics for ports and the success of a port is the tonnage. So let's throw tonnage out there. My question though is how do we say that we as a Port Authority have any control over tonnage through the harbor? Or even any influence over it? If tonnage goes up, what did we do that we claim credit for that? If tonnage goes down, what can people say we did that caused it to go down? It's going back to that crisis 14 years ago, (tonnage went down) when people didn't want to blame themselves or the folks that shut down their terminal so they looked to the Port and blamed us. We thought that was unfair but we have started down roads that could get ourselves into a position where we could influence. We are getting ourselves into a position where we can control it through the development of these facilities and prudent management of that land. Until we do that, we are not in that control circle. We are not in the direct influence circle. We are somewhere else out there. We can't be blamed for it nor can we claim credit for it.

(Mr. Steinke) I think that goes back to the very beginning. What are we? We aren't tonnage. We don't control it. We see tonnage. We may benefit a little bit or we might benefit a lot in the future. But right now, I would argue that shouldn't be one of our Port's metrics here. But I think it comes with an explanation just like you said.

(Commissioner Farm) Is that because it is important to us? The dredging of the channel and the modification is a huge part of our responsibility at this point. Should that be sort of a strategic goal or one of our main priorities? When we are evaluating basically anything we do, what does it do to tonnage? Does it help? Does it increase? If we specifically say that this is one of the things, that although we don't control it, we want to influence it..... that is part of the policy and should help us evaluate the return on investment analysis for our projects. Do we do this using that tonnage metric because it will help on the dredging and maintenance and that sort of a goal? Or does this get into that next level?

(Mr. Jacquot) I think that David's right because the metrics do fall under those categories of what you control/influence directly and indirectly. Ship calls and tonnage are going to be metrics that the Port is going to be measured against regardless of what our influence on those things are. So I think it's important that those metrics be recorded and that we learn how and what does influence them and where we might have influence. Tonnage on ship calls in particular, I would say we want to also measure types of cargo and correlate those to the markets in those cargos.

(Commissioner Garcia) Some of the other areas we should look at that we may not have control in....we may not even have anything to say about them, but if we are looking at community wide job creation it is certainly something that people are looking to the Port to be a leader. If we are looking at sustainability within the estuary then we are looking to the Port to be a leader. We should list that as being one of the metrics that we are grading ourselves on. I think having sustainable estuaries in the region is an important issue that should be on the list of one of the things we do.

(Commissioner Farm) It prioritizes our work. It helps us prioritize.

(Mr. Koch) It does, and because if we identify these metrics which I think are the right metrics for a port authority to be identifying, we need to recognize where we currently sit on that spectrum. If we are sitting so far out that we have no ability to move the needle on these things that are the important things for us, then we have to make strategic choices as an organization, how are we going to move ourselves closer to the center where we have more influence and eventually maybe some control to move that needle with the investments we make and the way we run ourselves as an organization? That's the point I was trying to make.

(Commissioner Martin) I think you need to attach a timeframe into any metrics you're going to use. At what period is this relevant for? Tonnage, while it is certainly something we want to track, the end of the year report says tonnage is down, that doesn't necessarily mean the Port had a bad year. But tonnage compared to 10 years ago, compared to what we realistically expect to see 5 years and 10 years in the future that's extremely useful. As the rail has been ramping up, rail car traffic has been very interesting to follow closely. Going forward, I think those monthly or even annual fluctuations are going to become less critical and we are going to be looking more and more ok. What is the metric we are going to want to see 2 years from now and 5 years from now?

(Commissioner Farm) Maybe it's not necessarily evaluating ourselves against some of these metrics but knowing what they are allows us to decide what we are going to do and where we should prioritize our effort, because rail traffic, if we see its continual increase, that allows us to make a decision we feel more comfort in making additional investment or taking on our own investment versus flat or down

traffic. We may be a little bit more conservative about what we would do without any outside funding. Any of the other business lines too, if we're seeing a trend in tonnage or ship calls that may change our focus. If we are seeing reduced tonnage and there is no reason it is going to go up, do we continue to spend time and effort on widening and deepening?

(Mr. Koch) Do we need to look behind the numbers to understand why the tonnage is going up or down and why job creation is going up or down? To understand what our role has been in that particular year in moving that needle versus the other factors.

(Commissioner Farm) It's not an individual year up or down. It is the trend over time. Rail cars are a great example of that.

(Mr. Steinke) I think that is why it is important. For the Port of Coos Bay these metrics may be different from what others out there expect but for you guys and through the development of your strategic plan, plan those metrics may change. Tonnage may go up or may go down a little bit. Certain things within those metrics may be better or worse depending on how you develop in your strategic plan. But you keep your eye on the ball and make sure that it is consistent with that strategic plan.

(Mr. Callery) Related to David's comment, that we've got to look behind some of these factors, the biggest factor that impacted lesser or fewer vessel calls and less tonnage was a fact that there was a shift in worldwide markets for forest products. We no longer have those Asian markets. They were now the property of some other trading company in some other country. I think that goes back to the Governors charge of diversify the cargo base, find what the knish products you can move through that maritime asset in Coos Bay and go forward. I think we are on that road but there are still metrics we have to develop to go down that road.

(Commissioner Hanson) and then prioritizing the commodity. I've just been thinking about some of the high volume types which is usually the low value cargo.

(Mr. Steinke) Right.

(Commissioner Hanson) So you might actually be valuing tonnage ahead of tariffs or income because at the end of the day you are going to actually probably get less money.

(Mr. Steinke) Revenue. That's a metric that a lot of people want to measure but if you've got a low value cargo with very small margins, your revenue isn't going to be one of the strong metrics that you are going to measure yourself by.

(Mr. Koch) I'm going to say revenue.

(Mr. Steinke) Revenue might be one that's blinking brighter in years to come.

(Commissioner Farm) One that I would like to see up there, I don't know what priority it would be, that we would track our position on deferred maintenance. It can show that we are making an improvement on it. I think even from a P.R. perspective that's helpful.

(Mr. Koch) The condition of our facilities that we own...yes, how do we measure that condition? It will deteriorate over time as we defer maintenance or will improve over time as we make investments.

(Commissioner Garcia) Add communication of all those things up above there I think it is important that we are getting that message out to all of our stakeholders and constituencies on what we are doing and why we are doing it.

(Mr. Steinke) I told some folks, and again I don't want to beat a dead horse, but I think that's a huge issue with public ports today being able to communicate with the community. Communication is so important. I applaud you on your strategy with the JCEP. We were really doing a good job. Nobody knew about it, and they didn't know about it in the right way. Staff would come out and talk about the projects that we were doing and it humanized the port to a lot of people as we were talking about before. People didn't even know the port existed. It's the Queen Mary. It's like a utility. Pretty soon people understood a little bit more why we were doing what we were doing and we were good environmental stewards. It was their port. I think that was one of the things that was a turning point is that we got them to understand it wasn't just the harbor department of the City of Long Beach. It wasn't just the port of Long Beach. It was their port and they had a stake in it. The greatest line I ever heard was in one of these public hearings. She said you know what? I have no use for ports. I have no use for trades. I get everything I need off of the internet. I said wait a second, now we totally lost people because they think there is some magical gremlin putting merchandise from the internet into target stores, we've got a communication problem. Anyway at the end of the day it may be one of the more important things to take away today.. From my discussions it looks like some positive things are going to happen.

(President Kronsteiner) One other charge from the Governor that perhaps fits here, and I'm not sure exactly how it fits, but was our relationships with other Governing bodies. I think one thing that we have done a terrific job in the last 7 years is developing the Community Enhancement program and to just generally state that we had an opportunity hold all of the CCURA funds on the north spit The Port could develop these docks we are talking about. We've made a decision to not go that direction but instead to share with the community those funds that will be coming available. I think our pursuit of education, the cities and county to develop waterfront opportunities, then the agencies to share back into these funds, is something we ought to look back at and maybe talk about and maybe measure. Without our leadership on that, it wasn't going to happen. It actually started and wasn't going to happen until we picked it back up. We have made a big effort that way. I think it is an important function of the Port.

(Mr. Steinke) I think it is masterful that you guys have developed that. I guess I would ask one question about it. David, is it viewed as mitigation in any way shape or form? Or is it simply these are some of the benefits coming off of the project and therefore we are sharing those benefits for the project with our community?

(Mr. Koch) Yeah. I don't think it has ever been looked at as mitigation for the project. It was looked at as some unique qualities built into the existing tax system about where that money was going to go and how much of it was going to stay in the local community. One of the things early on with the project the criticism from some of the opponents of the project that the schools weren't going to benefit from Jordan Cove at all and the CCURA was going to get all of the money and none of it was going to go to the local agencies. We took those concerns to heart. At a Commission meeting approximately 6-7 years ago, an opponent to the project made statements to that effect. Port staff and my predecessor took that to heart and had some conversations with the developer about that and that was the genesis of the idea. It was a legitimate concern so let's figure out how we do it better because we do have tools at our

disposal to do it better. We will burn political capital if that's what it takes to push this idea forward and come up with a better plan. Nobody was thinking social license to operate at that time but that's what it turned into.

(Mr. Steinke) Doing it on the front end as opposed to waiting until you've got the people here saying I'm holding up your project until I get the community litigation funds. I think doing it the way you done it you guys will be presiding a nice case study on how to develop a major project.

(President Kronsteiner) We're not done yet. And that's my point. It needs to be in front of us all the time.

(Mr. Callery) The rail line has opened up opportunity to communicate with the counties. We've kept those avenues of communication open. We regularly talk with the county commissioners in those three counties which then portrays itself over onto the legislative side because the legislators are hearing, "Hey, we heard from Sid Liken in Lane county what they've done on the Coos Bay rail line and it has been real beneficial to the region." That helps the overall image and potential future for the region.

(Mr. Steinke) I think in terms of communicating in terms of email blasts and reports and press releases and those types of things that's obviously an important part of continuing to make sure the people know. I think that is certainly a lesson we learned. You can't do enough of it.

(Mr. Koch) You can never take it for granted.

(Mr. Steinke) A lot of it is resource driven I understand but it's an important aspect of an ongoing effort to continue to have that acceptance of your project, the acceptance of your port and general good will is important.

(Mr. Jacquot) Because we are going to have a lot of opportunities and a lot of requests to be engaged in transportation forums and economic development forums and recreation development forums. If we are doing a good job right now what my concern is that if we don't have some formalized direction with some metrics defined, that over time we will either be too diluted or we will miss some focus areas where we might succeed goals.

(Commissioner Farm) I think that maybe something we need to look at from a prioritized list. All of those things end up being important. But to be able to give you guys some clarity on what we expect Then you are able to say respectfully, "We would love to be engaged and we want to be engaged but this just fall at number five and we will not be able to do it right now."

(Mr. Steinke) That is a key point. You can be chasing your tail very quickly if all of a sudden you are responding to requests and your resources are exhausted because of all of those other things. This is what our charge was.....Then all of a sudden we turned into the community chest and we've lost our focus. I think that's important.

(Mr. Koch) Is that a good segway into board/staff relations?

(Mr. Steinke) Yeah. I think so. We'll spend just a little time with that. When David and I first talked I think I may have talked to a few people yesterday about the fact that in my 14 years as Executive Director, I think we had nine sessions pretty similar to this. Quite frankly what we did was you talked about strategic planning. You talked about financial responsibility. We covered a lot of ground but it

all came back to really making sure that my board understood the relationship that I had with them, that the staff had with the board, and the responsibilities of the board themselves. I think there was maybe sometimes they needed to find out what is the role of the commissioner? What is the role of that position, recognizing what they are responsible for from a policy standpoint and how they ought to be interacting? It was instructive I think. I appreciated it because it kind of reset things that I thought were important and our board president thought was important in terms of behavior, etiquette and roles and responsibilities.

From a board standpoint, I saw the board's role as policy, very vibrant broad policy. You all have appointed David to be your CEO. He is here every day. He probably eats, breaths, and lives ports. Your staff are the experts, they are the ones responsible for the day to day operations.

The board on the other hand, your time is very, very precious. I think everybody that I met has other full time employment. You guys are obviously very civic minded. You are doing this because of your commitment to this community. You are not expected to be port experts. I am impressed by the depth of knowledge of all of you because I know some of you have not been on the job very long but it speaks to how much you know about this port and how much you know about this community. David and his staff are responsible for executing the policy direction that you guys set. I always saw the value of my board as being the ambassadors for the port. In terms of being out in public and making sure you are educated enough about the big projects to be able to discuss it at a dinner table or forum or something like that but not giving into the details of knowing more about it than your staff does. That is always a dangerous situation when David hears from a board member about what is going on with one of the projects. If a board member communicated with a staff member, I wanted to make sure that staff member told me so that I was at least in the loop. I wasn't going to babysit my commissioners to the extent that said hey you have to go through me with everything because if that was the case I wouldn't have been able to do all of the other functions of my job. I think the point is broad policy overview, not micromanaging projects. That is not the role of a commissioner. That is David and his staff. As I said this is regardless of the size if we didn't put revenue down as a 1st metric this is a business. I don't know if you call yourself an enterprise fund or a special fund but part of it is generating revenue, being stewards of revenue that is being provided in terms of grants and loans, and other financial instruments, so there is a judiciary responsibility. I know you all take it very seriously but I think that needs to kind of be emphasized and knowing what you're responsibility is. It's a serious responsibility. You all know when you took your oath or accepted the position that it came with a certain responsibility. In terms of port staff relationships, again, I guess I would emphasize the point that micromanaging staff should be left to the CEO. I was very fortunate in the past to have been able to do that. I think again just my observation the last couple of days is that you've got a good thing going. It looks like David has got a good staff and building some key positions. I get the impression from these board members that they've got the right perspective in terms of involvement in the character that it takes to move this Port in the right direction. I don't see any hidden agendas, no issues where somebody is whispering something in somebody's ear for a special deal for somebody or a company or something like that. I think you are well positioned to continue on. I will leave you with this and open it up for questions. I survived 14 years as an Executive Director and was very fortunate to have a good solid board and solid board members for a number of years. It's one of those things that needs a lot of care and consciousness on behalf of not only the board and staff but kind of keep the focus to make sure you see the bigger picture, because when you start to diverge from that path and start looking at other things, this is when you start to tear away some of the techniques in the organizations. Things like the strategic plan that you guys are working on and a number of the things that you've done, I think it serves you well for the future.

(Mr. Koch) I've said before I have had the opportunity over my career before coming to the Port to work with a lot of boards and commissions. This by far has been the most stable and highly functioning board I have ever had the pleasure to work with. I appreciate that. The board that I was hired by and the board that has come to be since I've come on board, since I've been on staff here, I couldn't ask for a better more engaged thoughtful group of folks.

(Mr. Steinke) Credit to the Governor and credit to all of you because you can make the difference between the port moving forward in the right direction and in the wrong direction. Any questions on any aspect we've talked about? We rambled a little bit but I think we got some things achieved in terms of maritime industrial use and some of the guiding principles that are key for going down that road.

President Kronsteiner adjourned the meeting at 11:43 am.

**Oregon International Port of Coos Bay
Strategic Business Plan
Coos Bay, Oregon**

**Appendix B
Facilities Condition Assessment**



Strategic Business Plan | Facilities Assessment

May 2015

Facility Condition Assessment

Strategic Business Plan Coos Bay, Oregon

Prepared for

Oregon International Port of Coos Bay

**13 March 2015
Revised 29 May 2015**

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FACILITY CONDITION ASSESSMENT

Oregon International Port of Coos Bay Strategic Business Plan

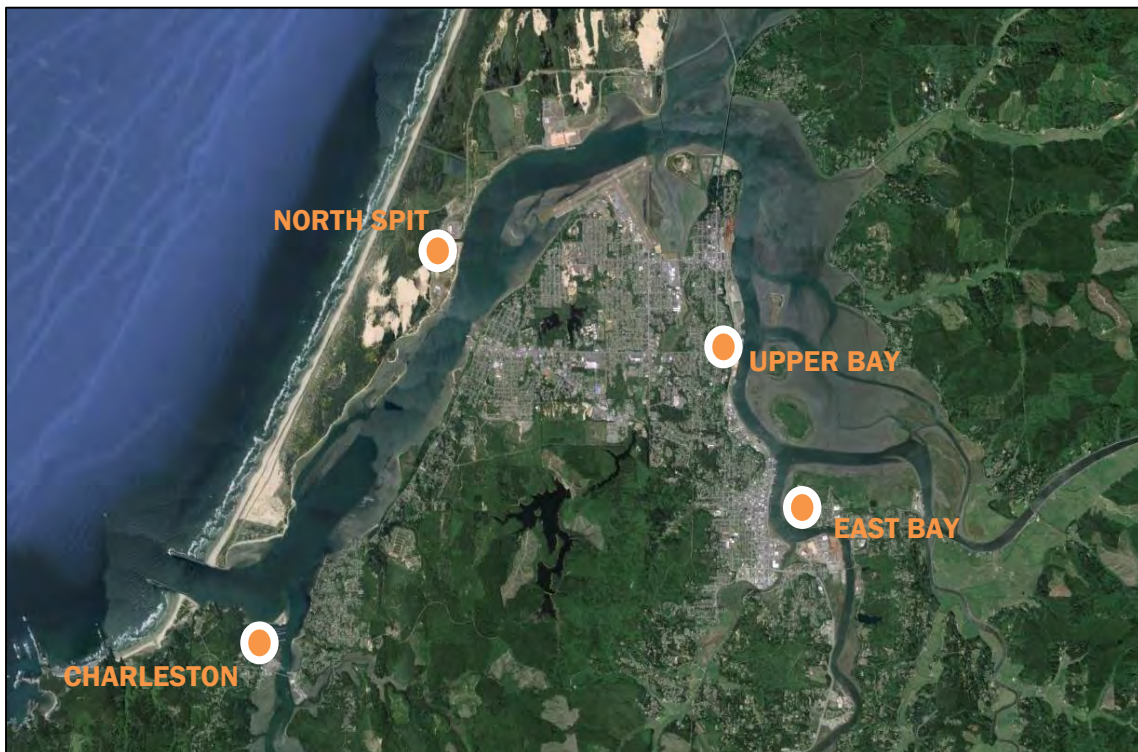
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PORT OF COOS BAY FACILITY CONDITION ASSESSMENT

1.0 OVERVIEW

The Port of Coos Bay (Port) owns properties in Coos Bay, North Bend, and Charleston, Oregon, and the surrounding area. BergerABAM performed a streamlined facilities condition assessment of Port-owned properties located in the following general areas: Charleston, North Spit, Upper Bay, and East Bay. Please see the map (Figure 1) below for reference.



Photograph reference: Google Earth

Figure 1. Key map

The assessment included a visual reconnaissance and review of available information provided by the Port, including drawings and technical reports. BergerABAM did not perform any calculations or testing. Accompanied by Port staff, Scott McMahon, Scott Keillor, and Nicole McDermott visited a representative number of Port-owned properties on 28 and 29 October 2013. Scott McMahon performed follow-up site visits on 29 August 2014 and 22 January 2015.

The Port's properties, including general descriptions, known improvements, observed conditions, and descriptions of access and utilities where this information was made available are summarized in the following sections.

**Oregon International Port of Coos Bay
Facility Condition Assessment**

Charleston

2.0 CHARLESTON

2.1 Overview

Charleston is located in unincorporated Coos County at the north end of South Slough in the Coos Bay estuary, where the Coos River enters the Pacific Ocean. The properties in Charleston are divided into six main categories: the marina, ice plant and public buying dock, commercial buildings, RV Park, storage units, boatyard, and the Barview dredged material upland disposal site.

Public Street Access

Charleston is accessed via Oregon Route 540 (OR 540) and also known as Cape-Arago Highway No. 240. OR 540 is classified as a District Highway in the Oregon Highway Plan and is maintained by the Oregon Department of Transportation (ODOT).

Throughout the community of Charleston, OR 540 is a two-lane highway with a speed limit of 35 mph. The average daily traffic on OR 540 through Charleston is approximately 5,000 average daily trips per the ODOT 2007 Traffic Volume Tables (Coos County 2011).

Marine Access

The Marina contains a six-lane launch ramp into the South Slough (see Photo 2). The Charleston harbor depths are approximately -18 feet mean lower low water (MLLW).

Sanitary Sewer

The Charleston Sanitary District serves the Charleston Marina Complex with an 8-inch force main. As of 2007, the sanitary sewer capacity was deemed adequate (OIPCB 2007).

Water

Water is provided by the Coos Bay – North Bend Water Board. The Marina is currently supplied by 4- and 6-inch water lines. An 8-inch water line currently serves the boatyard with smaller service to each of the main buildings (OIPCB 2007).

Electrical Power

Electrical power is supplied by Pacific Power (BPA 2001).

Communication

Wireless internet service is available through FishNET in the inner and outer basins and the RV Park. FishNET is owned by the Port and operated through ORCA Communications. It has been reported that the wireless internet is unreliable with poor reception.

2.2 Marina

The marina contains moorage docks for transient and local boats, commercial docks, a fuel dock, and a six-lane boat launch. The taxlots for the Marina properties are listed in Table 1. There are 448 boat slips configured into the eight major dock systems within the two boat basins: outer basin and inner boat basin (see photos 1 through 4 below). The inner basin leases moorage to the permanent charter fishing vessel and small to medium sized boats. The outer basin was developed in 1956 and provides moorage for medium- and large-sized boats. The moorage and commercial docks consist of concrete floats secured by steel piles. The marina is protected by a breakwater that was authorized with the River and Harbor Act of 1946. Alterations were made to the breakwater in the early 1980s to provide better protection of the Marina. The fuel dock is located off of the breakwater. The marina is a designated Clean Marina by the Oregon State Marine Board (OSMB).

The U.S. Coast Guard (USCG) has Motor Lifeboat Station Coos Bay located in the Charleston Marina. A dock and boathouse are located in the outer basin of the marina. Two office buildings are located east of the RV Park at Kingfisher Drive and Crosline Drive.

Four gangways at the marina docks are currently being replaced for a total of \$50,000. Repairs of deteriorating steel piles within the marina is ongoing maintenance.

Recent improvements to the marina since 2013 include additional parking along Albacore Lane and a new trailered boat washing station at the parking lot on Crosline Road.

Table 1. Marina Properties

Tax Lot Number	Size (acres)	Description of Property
26S14W2AC-100	3.27	Marina
26S14W2BD-400	1.0	
26S14W2BD-200	2.71	
26S14W02AC-300 ¹	23.80	
26S14W02AC-308Z1	0.01	
26S14W02AC-103Z	0.10	
26S14W02AC-102Z1	0.39	
26S14W02AC-101Z1	0.64	
26S14W02DB-700	0.35	Vacant Properties (south of Marina)
26S14W02DB-800	0.28	

¹Taxlot includes the RV Park property

Public Street Access

The marina's main access road is Kingfisher Drive off of Boat Basin Road.

Stormwater

Stormwater is generally collected in catch basins and outfalls to the south slough.



Photograph reference: Google Earth

Photo 1. Marina



Photo 2. Boat launch



Photo 3. Marina



Photo 4. Boat washing stations

2.3 Ice Plant and Public Buying Dock

An ice plant and public buying dock are located at the southern end of the outer marina, to the south of the USCG facility. The taxlots for the ice plant and public buying dock are listed in Table 2. The ice plant is a two-story, sheet metal building located on a timber pile wood framed dock (see Photo 5 below). The commercial ice facility was originally developed in 1978 by a private owner and constructed by North Star Ice Company of Seattle, Washington. The Port took ownership of the ice facility in 2007 and leased it out until 2010. In January of 2010, the Port invested over \$750,000 on an improved delivery system, electronics, pipes, valves, ammonia system, and improvements to the dock. The existing decking was removed and replaced with 4- by 12-foot deck boards on the 36- by 108-foot exposed portion of the dock. The dry rotted deck boards and joists of the ice house subfloor were replaced and a new moisture barrier, rigid insulation, and wood subfloor system were installed. The facility reopened in May 2011 and has the capacity to produce 52 tons of ice within 24 hours. The dock is in need of repairs and a new fire suppression system. There are concerns of longevity and capacity of the plant's two ice makers (model 60's). The condenser within the ice plant was purchased used and will need replacement in the near term.

Table 2. Ice Plant & Public Buying Dock Properties

Tax Lot Number	Size (acres)	Description of Property
26S14W02AC-205Z	0.03	Ice Plant and Public Buying Dock
26S14W02AC-204Z	0.02	

Public Street Access

The ice plant and public buying dock are accessible on Kingfisher Drive off of Boat Basin Road.

Stormwater

The facility does not have any stormwater capture systems.



Photo 5. Ice plant and public buying dock

2.4 Commercial Buildings

The Port leases out a number of commercial buildings and properties at the Marina. The taxlots for the commercial properties are listed in Table 3. Many of the buildings and properties were inherited and need some level of repair. The Basin Café is a vacant building in poor condition. The Port will be completing condition assessments on the properties.

Table 3. Commercial Building Properties

Tax Lot Number	Size (acres)	Description of Property
26S14W2AC-327Z1	0.01	Commercial Buildings
26S14W02AC-323Z1	0.01	
26S14W2AC-302Z	0.12	
26S14W2AC-306Z1	0.05	
26S14W2AC-307Z1	0.04	
26S14W02AC-301Z1	0.01	
26S14W2AC-203Z	0.07	
26S14W2AC-310Z1	0.02	
26S14W2AC-314Z1	0.06	
26S14W2AC-320Z	0.04	
26S14W02BD-201Z1	0.30	
26S14W02AC-321Z1	0.08	
26S14W02AC-315Z1	0.35	
26S14W02AC-309Z2	0.08	

Public Street Access

The commercial buildings' main access road is Kingfisher Drive off of Boat Basin Road.

Stormwater

Stormwater is generally collected in catch basins and outfalls to the south slough.



Photo 6. Basin Cafe



Photo 7. Commercial building on Kingfisher Road



Photo 8. Chuck's Seafood warehouse

2.5 RV Park

The Charleston Marina RV Park was permitted and constructed in 1974 near the south entrance to the marina on Kingfisher Road. The taxlot for the RV Park is listed in Table 4. The RV Park was later expanded by private sector owners in 1977 and again in 1979. The Port acquired the RV Park in February 1984. The park currently has 98 full-service RV sites with electricity, water, sewer, satellite TV and Wi-Fi. Three family-size yurts are included as part of the RV Park. Waste pump-out services and propane refueling are also available. The RV Park includes restrooms, laundry facilities, an office, a recreation room, and a crab cooking area (OIPCB 2013).

Table 4. RV Park Property

Tax Lot Number	Size (acres)	Description of Property
26S14W2AC-300 ¹	23.80	RV Park

¹Taxlot includes marina properties

Public Street Access

The RV Park is accessible on Kingfisher Drive off of Boat Basin Road.

Stormwater

The RV Park is an asphalt paved facility with catch basins throughout to capture stormwater.



Photo 9. RV Park spaces



Photo 10. Yurts



Photo 11. Restroom facilities

2.6 Storage Units

The Charleston Marina offers storage units available for lease to its marina customers (see Photo 12). The taxlot for the storage units is listed in Table 5. There are a total 104 storage units, offered in six sizes ranging from 5 feet by 10 feet up to 10 feet by 35 feet. The majority of the storage units are available in an approximate 25,000-square-foot, one-story building located on Guano Rock Boulevard. Two additional stand-alone units are available: one in a small shed and one next to the post office. To the west of the storage building are fenced open storage areas (see Photo 13). General repairs and maintenance are performed on the main storage building annually. In 2013, 10 storage unit doors were replaced and 10 more unit door replacements are planned for 2015. Extensive repairs were completed in 2007/2008. The occupancy rate is approximately 90 to 95 percent of the building capacity. Overall, the storage building is in satisfactory condition. Additional lighting is recommended for the facility.

Table 5. Storage Unit Property

Tax Lot Number	Size (acres)	Description of Property
26S14W2AC-317Z1	0.57	Marina Storage Units

Public Street Access

The storage units are accessible on Guano Rock Boulevard off of Boat Basin Road.

Stormwater

The building storage unit area is paved with asphalt and has catch basins to collect stormwater. At the south end of the storage units is a gravel parking area and has recurring stormwater ponding issues (see Photo 14).



Photo 12. Storage building



Photo 13. Open storage areas



Photo 14. Stormwater ponding at south end

2.7 Boatyard

The Port acquired the boatyard in 1986 and currently provides upland storage of fishing vessels and equipment (see Photo 15). The taxlots for the boatyard properties are listed in Table 6. The boatyard has separate areas for long-term vessel storage and for utility-served sites where vessel owners can perform maintenance. Two equipment storage yards are located at the entrance to the boatyard on Troller Road. The equipment yard to the north of the public dock is a newly acquired property and the previous buildings have been razed. The boatyard was certified by the OSMB as a Clean Shipyard in 2012 (OIPCB 2013).

Table 6. Boatyard Properties

Tax Lot Number	Size (acres)	Description of Property
26S14W12BB-600	25.03	Boatyard and Docks
26S14W12BB-603Z1	0.51	
26S14W12BB-608Z1	0.05	
26S14W12BB-500	0.94	Storage Yards
26S14W12BB-300	0.58	

Work Docks

Work docks are located along the south side of the boatyard and consist of approximately 300 feet of concrete work docks and another 200 feet of floating docks (OIPCB 2013). The floating docks generally appear to be in fair condition. The work docks are used for in-water gear changes, repairs, and alterations. The work docks have a mobile crane that uses two existing concrete work piers to access vessels moored in the water (see Photo 16). A portion of the work docks do not have a deck and are unusable as shown in Photo 17. Adjacent to the work docks, embankments exhibit ongoing erosion. There is also an approximate 20-ft by 20-ft covered fuel storage area that services the boatyard (see Photo 18).

Marine Ways

The boatyard has marine ways for vessels up to 200 tons. The marine ways were constructed in the early 1980s and the steel rail system was modified and replaced in 2010 (OIPCB 2013). The substructure of the marine ways is deteriorated and in need of rehabilitation or replacement (see Photo 19).

Travel Lift

There is a travel lift available for vessels up to 40 tons and 55 feet long with a maximum width of 17 feet (see Photo 20). The travel lift is owned and operated by Giddings Boat Works. Approximately 100 lifts are conducted each year, of which 68 percent are tenants of the Charleston Marina (BST Associates 2015). Mobile crane and forklift services are available as well as a power washing facility for hull cleaning (OIPCB 2013).

Public Dock

The boatyard also has a public short-term moorage dock on the west side of the boatyard (see Photo 21). The dock consists of a concrete trestle and three floating finger piers secured by steel pipe piles, and it appears to be in satisfactory condition. The Port also constructed a kayak launch located south of the public dock (see Photo 22).

Public Street Access

The boatyard is accessed by Troller Road, a public access road, off of OR 540 on the east side of the bridge.

Troller Road is the main access road to the boatyard and the southern portion is maintained by the Port of Coos Bay. Repairs were completed in 2014 which consisted of an asphalt overlay, a new drainage ditch, and added speed bumps (OIPCB 2014b). The Port maintained portion of Troller Road is in good condition. The ownership of Troller Road near the intersection of Cape Arago Highway is unclear, however this portion of roadway has large potholes in the pavement and is in poor condition.

Stormwater

Paved areas adjacent to the work docks and the boatyard tenants are curbed and stormwater collected in catch basins.



Photograph reference: Google Earth

Photo 15. Boatyard



Photo 16. Work docks



Photo 17. Unusable work docks



Photo 18. Covered fuel storage



Photo 19. Marine ways



Photo 20. Travel lift



Photo 21. Short-term moorage dock



Photo 22. Kayak launch

2.8 Barview Dredged Material Upland Disposal Site

The Barview dredged material upland disposal site is located on Cape Arago Highway, north of the marina and boatyard. The taxlots for the Barview site are listed in Table 7. The site is used to contain dredged materials from Port dredging projects that are found not suitable for in-water disposal. The original facility was constructed in 1990 and consists of a series of berms, weirs, and pipes to handle the dredge material (GeoEngineers 2014). A 24-inch HDPE pipe spans east-west at the site and connects to several existing manholes to disperse the dredge material throughout the site. The site is approximately 700 feet (east-west) by 320 feet (north-south) and is divided into three containment areas (see photos 23 through 25). Plans and specifications have been prepared to rebuild the berms within the containment area and construction is expected to begin in June 2015 (OIPCB 2014b). Existing material within the containment areas will be excavated to increase the crests of the existing berms; this will increase the capacity of the site and allow it to accept the fully permitted amount. The facility was originally issued a permit by the USACE in 1990 for disposal of dredge material (USACE Permit No. 071-OYA-4-008861).

Table 7. Barview Properties

Tax Lot Number	Size (acres)	Description of Property
26S14W01CA-400	8.69	Barview Dredged Material Upland Disposal Site
26S14W01BC-5600	2.60	

Public Street Access

The Barview site is accessed via Oregon Route 540 (OR 540) and also known as Cape-Arago Highway No. 240.

Stormwater

Stormwater is handled through the existing onsite drainage system consisting of 12- and 24-inch HDPE pipes.



Photo 23. Primary containment area



Photo 24. Secondary containment area



Photo 25. Tertiary containment area

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North Spit Properties

3.0 NORTH SPIT PROPERTIES

3.1 Overview

The Port owns more than 1,000 acres of land on the North Spit area of lower Coos Bay. The North Spit area offers marine, rail and road access. See Figure 2 for a map of the properties and Table 8 below for current land uses.

Table 8. North Spit Properties

Tax Lot Number	Size (acres)	Description of Property
25S13W05-300	182.24	Vacant land – proposed Oregon Gateway
S5S13W00-200	191.58	Vacant land – proposed Oregon Gateway
25S13W06-101	22.12	Vacant land
S2513W07-102	0.76	Vacant land
S2513W07-107	2.39	Vacant land
25S13W07-101	298.03	Vacant land
25S13W18-202	17.31	Vacant land
25S13W18-105Z1	44.64	D.B Western Lease
25S13W18-100	160.23	Out-of-service aquaculture facility, sand dunes, in-water
25S13W19-200	102.84	In-water, mudflats, and shoreline

Other industrial property owners on the North Spit include Roseburg Forest Products – Coos Bay Shipping Terminal, Jordan Cove LNG LLC, Southport Forest Products – Coos Bay Sawmill, and the U.S. Department of the Interior Bureau of Land Management (BLM).

Public Street Access

The North Spit properties are accessed via TransPacific Parkway. TransPacific Parkway is a two-lane road and is classified as a major collector. The parkway links to Highway 101 one mile north of the McCullough Bridge.

Marine Access

Coos Bay is the largest coastal deep-draft harbor between San Francisco and Puget Sound, moving approximately 2.5 million tons of cargo (OIPCB, 2014a). The channel is a federally authorized navigation channel. The channel entrance depth is -47 feet Mean Lower Low Water (MLLW) across the bar. The channel is maintained to an authorized depth of -37 feet MLLW from river mile 1 to river mile 15 (USACE 2014). The Port is currently in the permitting phases to modify the lower Coos Bay Navigation Channel to

accommodate larger deep-draft vessels. Proposed modifications include widening and deepening the channel from the entrance to approximately river mile 8 (OIPCB, 2015).

Rail Access

The Port owns the entire Coos Bay rail line, including an industrial spur on the North Spit. The rail spur parallels TransPacific Parkway along the North Spit properties and was completed in 2005. The spur is approximately 4 miles long and terminates at the Southport Forest Products site.

Sanitary Sewer

Sanitary sewer services are developed on site using gravel filter systems.

Water

Water is provided by the Coos Bay – North Bend Water Board.

Electrical Power

Electrical power is supplied to various portions of the North Spit by Central Lincoln People’s Utility District (BPA 2001) and PacificPower.

Communication

Underground telecommunications infrastructure – both hard-wire phone lines and fiber optic cable – have been installed within the TransPacific Parkway corridor. The telecommunications infrastructure is owned by Frontier Communications Inc.



Photograph reference: Google Earth

Figure 2. North Spit properties

3.2 North Bay Marine Industrial Park

The North Bay Marine Industrial Park is a general descriptor for industrial property located on the North Spit peninsula of lower Coos Bay. The property owned by the Port within the Industrial Park is approximately 40 to 55 acres of industrial and marine/industrial zoned property adjacent to the deep-draft navigation channel. The property is currently vacant and available for development.

Stormwater

No stormwater facilities were observed during the site visit. It is anticipated that stormwater infiltrates locally.

3.3 Oregon Gateway

This proposed development includes a planned liquid bulk terminal, a proposed dry bulk terminal, and a proposed multipurpose, multimodal facility. The various vessel berths are proposed to be constructed to depths that will be partially determined by the final navigation channel dimensions resulting from the Lower Coos Bay Channel Modification project. Currently this property is undeveloped and no condition assessment was made.

Stormwater

No stormwater facilities were observed during the site visit. It is anticipated that stormwater infiltrates locally.

3.4 D. B. Western Inc. Lease

D.B. Western Inc., now operating as D.B. Western- Texas is a current tenant at the Industrial Park and designs and fabricates chemical processing equipment. The property is located on the North Spit of lower Coos Bay at channel mile 5.6. The property has a utility T-dock, a 140-foot berth, and one dolphin at 200 feet with a water depth of 20 feet.

Stormwater

No stormwater facilities were observed during the site visit. It is anticipated that stormwater infiltrates locally.

3.5 Aquaculture Facility

The property south of the D.B. Western lease was used for salmon release and capture, and was previously operated by Anadromous, Inc. Hatchery fish were brought to the facility and acclimated to the Coos Estuary. The facility is approximately 7 to 9 acres in size and is currently vacant. The facility is secured with a chain-link fence. Structures on the property include one administration/shop building, two storage buildings, a pump station, three fish holding basins, and infrastructure for hatchery operations (see photos 26 through 28). The storage buildings are wood-framed structures on concrete slab foundations and approximately 1,250 square feet and 600 square feet. The storage buildings are in poor condition and have visible holes in the siding. The administration building is an approximately 4,500-square-foot, wood-framed structure and is in poor to fair condition (see Photo 26). The property also has two cell phone tower leases adjacent to the south perimeter of the property.

A storm in 2012 eroded the slope and protective riprap along the southern edge of the property adjacent to the water and damaged the existing fence (see Photo 29). The Port has received a \$150,000 grant from the Federal Emergency Management Agency to restore the beach slope and riprap and damaged property perimeter.

Stormwater

No stormwater facilities were observed during the site visit. It is anticipated that stormwater infiltrates locally.



Photo 26. Administration Building



Photo 27. Storage buildings



Photo 28. Fish holding basins



Photo 29. Slope failure

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Upper Bay Properties

4.0 UPPER BAY PROPERTIES

4.1 Overview

The Port owns a number of properties in the Upper Bay area of Coos Bay (see Figure 3). BergerABAM visited the Upper Bay properties identified in Table 9, all of which are located on the Coos River shoreline. The Port-owned Upper Bay properties include Tyree Oil, Dolphin Terminal, the Orcas Dock, and the Citrus Dock. These properties are discussed in further detail below.

Table 9. Upper Bay Properties

Tax Lot Number	Size (acres)	Description of Property
25S13W22AD-200	1.6 (approximate)	Tyree Oil
25S13W22DD-6600	0.84 (approximate)	Dolphin Terminals
25S13W26BB-100 25S13W26BB-101Z1	0.8 (approximate) 0.6 (approximate)	Orcas Dock
25S13W22DD-5100 25S13W22DD-5201Z1 25S13W22DD-5200	0.63 (approximate) 0.14 0.54	Citrus Dock

Public Street Access

All of the Upper Bay properties are accessed along Highway 101 that is also known as Bayshore Drive. Bayshore Drive is a four-lane road and is classified as a major arterial. The Coos Bay Rail Line runs parallel to Bayshore Drive throughout the Upper Bay properties and constricts access to the sites. Access to each site is restricted by the Coos Bay Rail Line requiring traffic to cross the tracks to access the site.

Marine Access

All of the Upper Bay properties are located on the Coos River shoreline. Individual marine access is discussed below.

Sanitary Sewer

Sanitary sewer is provided by the cities of Coos Bay or North Bend.

Water

Water is provided by the Coos Bay – North Bend Water Board.

Electrical Power

Electrical power is supplied by Pacific Power (BPA 2001).

Communication

No information available.



Photograph reference: Google Earth

Figure 3. Upper Bay properties

4.2 Tyree Oil, Inc.

The Tyree Oil property is located at 341 Newmark Avenue. Tyree Oil has leased the property since November 2000. Tyree Oil occasionally provides fuel to tugs but is largely used as a truck transfer facility (see Photo 30). The facilities include a 2,000-square-foot office/garage, 11 oil tanks, and two stormwater tanks. The tank farm has the capacity for 70,000 barrels and is approximately 2.5 acres. Products stored on the site include heating oil and diesel fuel; no gasoline is stored at the facility. The site also has a 640-square-foot dock and a dolphin located at channel mile 12.4 (see Photo 31). Tyree Oil has reported that there is damage to the dock. The water depth is approximately 28 feet.

A three-phase engineering analysis of the facility will begin in 2015. Phase 1 includes a safety assessment and an above-water inspection of the dock. Phase 2 will include an underwater inspection of the dock. Phase 3 will include an overall site assessment, including an environmental assessment of the property.

Stormwater

Tyree Oil and the Port completed renovations of the site's containment and stormwater treatment facilities in 2012. The curbing around the bulk fuel storage area was improved and a concrete-lined spill containment area with an integrated oil-water separator was installed. Outside the main containment area, an oil-water separator and two 7,500 gallon aboveground storage tanks are used to treat collected stormwater from the facility before it is discharged. This system also is used to contain any fuel spills that may occur (Tyree Oil, Inc. 2014).



Photo 30. Tyree Oil facility



Photo 31. Tyree Oil dock

4.3 Dolphin Terminal

The Dolphin Terminal is located at 1610 Bayshore Drive and at channel mile 13.1 (see Photo 30). The Terminal was previously a log ship mooring and loading facility and has not been used since the early 1990s. The facility includes a dolphin, dock, and floating pier. The dock is missing a bullrail and there is a gap at the abutment (see Photo 32). The water depth is approximately 28 to 30 feet at the face of the dock but has not been dredged in a number of years. There is also a single-story, wood-framed structure adjacent to the dock that is supported by wood piles. Overall, the terminal has deteriorated and is in serious to critical condition (see Photo 34).

Stormwater

No information available.



Photo 32. Dolphin Terminal



Photo 33. Gap at abutment



Photo 34. Single-story structure

4.4 Orcas Dock

The Orcas Dock is home to the USCG Cutter *Orcas*. The USCG leases the property from the Port. The property is located on Bayshore Drive and includes a 12-foot-wide by 160-foot-long wooden pier that provides access to the Coos River to the east (see Photo 35). The pier connects to a 130-foot-long floating dock via a gangway. The property includes three wooden pile dolphins. Located adjacent to the west end of the pier is a USCG support building constructed on wood piling. The shoreline west of the pier and support building is armored with 6 to 12 inches of riprap. Above the riprap is a gravel parking lot along with a concrete pad and storage trailer. There is a storm drain outfall north of the pier from upland west of the property. The property has a barbed wire fence per USCG's security requirements.

Stormwater

No information available.



Photo 35. Orcas Dock

4.5 Citrus Dock

The Citrus Dock is a large pier structure and was previously home to the USCG Cutter *Citrus* until it was decommissioned in 1995. The Citrus Dock features a large pier structure with one building located on the north pier. A walkway consisting of timber piles, pile caps, and decking connects the north pier to a mooring dolphin. South of the walkway, the north pier connects to a bridge that is comprised of timber piles, pile caps, and timber decking. The bridge connects the north pier to a south pier that is comprised of timber piles, concrete pile caps, and precast concrete decking. A single-story building was previously located on the north pier and was removed because of fire concerns. A chain link fence currently surrounds the property (see Photo 36).

A condition assessment on the Citrus Dock was performed in August 2011 by Reid Middleton. The results of this assessment are summarized below.

The majority of the piles of the dock are in good condition with the exception of four piles. Of the four damaged piles, two piles had fungal or mechanical/marine borer damage and two piles were in non-bearing conditions at the pile top/cap interface. The timber piles caps appear to be in good condition with the exception of five pile caps. Four caps under the bridge and one cap under the walkway are in poor condition with severe deterioration and damage. The concrete pile caps under the south pier are in fair condition have some cracking, spalling, and/or exposed rebar. The cross bracing on the north pier is in very poor condition and the cross bracing on the bridge is in fair to good condition. The timber decking on the north pier and the walkway are in poor condition and should be replaced. The timber decking on the bridge is in fair condition with portions of it possible reusable. The concrete deck panel on the south pier is in good condition. The stringers of the north pier vary from good to poor condition while the stringers of the bridge appear to be in good condition. All of the railings at the Citrus Dock appear to be in fair condition with the top boards needing replacement. The building atop the north pier is in poor condition due to deterioration and rot. It is recommended that the building be removed and replaced. There is a timber pile bulkhead along the shore side of the pier that exhibits signs of significant deterioration and should be replaced. Behind the bulkhead is a parking area suffering from severe erosion. It is recommended that the existing pavement be removed and replaced, and armoring be installed at the base of the bulkhead and along the shorelines, both north and south of the site.

Stormwater

No information available.



Photo 36. Citrus Dock

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East Bay Properties

5.0 EAST BAY PROPERTIES

5.1 Overview

The East Bay properties are composed largely of vacant vegetated land (see Table 10). The properties were previously used for disposal of dredge material and it has been reported that a small airport used to occupy a portion of the land. The City of Coos Bay leases 7 acres from the Port to operate the Eastside Boat Launch located on the Isthmus Slough of Coos Bay. The Eastside Boat Launch was updated in 2012 to increase capacity to 130 parking spaces. It appears to be in satisfactory condition (see Photo 37).

Table 10. East Bay Properties

Tax Lot Number	Size (acres)	Description of Property
25S13W35AB-100	18.5 (approximate)	Vacant land and the Eastside Boat Launch
25S13W35AA-500	5.75 (approximate)	Vacant land
25S13W35AA-600	2.7 (approximate)	Vacant land
25S13W26D-100	119	Vacant land
25S13W25-100	192.5	Vacant land
25S12W30-1000	9.30	Vacant land
25S13W00-300	923.81	Vacant/Dredge Disposal

Public Street Access

Tax lot 25S13W35AB that contains the Eastside Boat Launch is accessed via D Street off the Coos River Highway (HWY-241).

Marine Access

No Port-owned marine access is available.

Sanitary Sewer

Sanitary sewer service is provided by the City of Coos Bay.

Water

Water is provided by the Coos Bay-North Bend Water Board.

Electrical Power

Electrical power is available from Pacific Power (BPA 2001).

Communication

No information available.

Stormwater

No information available.



Photo 37. Eastside Boat Launch

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Coos Bay Rail Link - CBR

6.0 COOS BAY RAIL LINK - CBR

6.1 Overview

The Port owns the Coos Bay rail line, an approximate 134-mile rail corridor from Danebo Junction (in west Eugene) to end of track at Coquille (Photo 38). The Port applied to the Association of American Railroads (AAR) in 2010 for a railroad Reporting Mark, and retains the rights to the railroad name; Coos Bay Rail Link, and the Reporting Mark, CBR. Freight rail service on the rail line is provided through a revenue-sharing management agreement between the Port and an experienced, professional short line railroad operating company.

Portions of the rail line in Coos County date back to 1891-1893, while the western Douglas and western Lane Counties segments of the line were built in the period 1910-1916. The former owner/operator of the Coos Bay line discontinued service in September 2007 due to deferred maintenance issues, primarily in tunnels and major bridges. The Port purchased the line from west Eugene to the north end of the Coos Bay swing-span bridge (111 miles) in 2009 from Central Oregon & Pacific (CORP) Railroad/RailAmerica Inc. through an order from the U.S. Surface Transportation Board. The Port had previously acquired the Coos Bay swing-span bridge in 2001 from the Union Pacific (UP) Railroad as part of a rehabilitation project. The Port then acquired the line from the swing-span bridge to Coquille (23 miles) from UP in 2010. Following acquisition of the rail corridor, the Port began rehabilitation of various tunnels and bridges and performed major track structure improvements. In 2011, rail service was restored to 111-miles of the line from the North Spit to Eugene, and in 2013, the Port restored service to the entire 134-mile line. The Coos Bay line consists of nine tunnels, three swing span bridges, more than 150 water crossings and more than 40 at-grade and signalized crossings, both public and private. The rail corridor is typically 100 to 150 feet wide and varies from 75 feet wide up to 200 feet wide.

Since 2009, the Port has secured \$41.7 million in federal and state grants for improvements and repairs to the rail line. From 2011 to 2013, multiple assessments and inspections were completed and repairs totaling \$17.6 million (CBR 2014) have been made to the rail infrastructure. In 2013, an assessment was performed by Jacobs Associates on the rail line nine tunnels. The tunnels were originally built in 1910-1916 with tunnel supports consisting of timber sets, shotcrete over rockbolts in bedrock, steel sets with channel lagging, and gunite over steel sets installed in the 1950s through 2012. The most recent tunnel assessment recommended that drainage be reestablished throughout the tunnels to prevent further deterioration of the timber posts, footing blocks, and track structure. In numerous locations, timber and steel sets should be secured to the tunnel sidewalls and crowned to prevent movement and failure of the adjacent sets. In Tunnel 13 it was recommended that four timber sets be removed and replaced with steel sets and shotcrete. A few tunnel repairs have been completed since the assessment. The Port was awarded a \$2 million *ConnectOregon V* grant and a \$500,000 loan from the Oregon Infrastructure Finance Authority to continue tunnel

rehabilitation. The current project will include drainage improvements to most tunnels and is expected to be performed during 2015- 2016.

An assessment on the 121 bridge structures – timber, steel and concrete/steel – along the line was performed during 2012-2013 by RailStar Engineering working with Stantec Consulting Services. These assessments and inspections are part of a Federal Railroad Administration-mandated Bridge Management Plan that must be completed by September 2017. A number of deficiencies have been noted and recommendations include stringer replacement, bent repairs, pile repairs, headwall repairs, general maintenance, and additional inspections on piles and stringers. A contract for repair work on the timber bridges was awarded in 2014 to Scott Partney Construction for an amount of \$1.23 million. A separate contract for the repairs to the steel bridges was awarded to Stantec with repairs ongoing for the next several years.

The Port received a \$10 million grant from the 2013 Oregon Legislature and administered by the Oregon Department of Transportation (ODOT) Rail Division for additional bridge and track rehabilitation on the rail line. Work is expected to be ongoing through 2017, and will include bridge rehabilitation, bridge replacement and some track replacement.

The rail line along U.S. Highway 101 in Coos Bay has a decorative metal fence adjacent to the roadway. Road, sidewalk, fence and other safety improvements funded by ODOT, the City and the Port will be completed in mid-2015. The project will shift the metal fence slightly eastward and extend it southward to help prevent rail yard trespass issues (see Photo 39).

A number of repair and maintenance items have been completed along the rail line since 2011 (CBR 2014), and additional rail infrastructure has been added

- Greenhill Road manifest interchange siding
- Reedsport grade-crossing improvements
- Coos Bay, Siuslaw, and Umpqua swing span bridge preliminary repairs
- Steel bridge preliminary repairs
- Coos Bay rail bridge electrical control system operating equipment and lighting
- Coal Bank Slough bridge temporary repairs
- Major track rehabilitation
- Timber bridge rehabilitation project
- Sand removal from railroad right-of-way
- Vegetation spraying
- Geometry testing

North Spit Rail Spur

The Port owns a short spur line off of the Coos Bay Rail Link main line to serve the North Spit industrial and marine industrial areas. The rail spur parallels TransPacific Parkway along the North Spit properties and was completed in 2005. The spur is approximately 4 miles long and terminates at the Southport Forest Products site. The Port anticipates expanding spur capacity in the 2015-2016 construction seasons.

Coos Bay Rail Yard

The Port owns a rail yard in Coos Bay that consists of one main line, five sidings, three spurs and a wye. The tracks and ties appear to be in fair condition. The Coos Bay rail yard is lacking site security and has a trespassing issue with people accessing the Coos Bay Boardwalk and Bunker Hill from the public right-of-way (see photos 40 and 41).

North Bend Rail Yard

The Port owns a small rail yard in North Bend. The rail yard consists of the main line, four sidings, and one spur. The spur line accesses the Ocean Terminals facility. Ferrellgas built a spur off the main line to serve their facilities; however, the spur has not been used since 2007. (see Photo 42).

Coos Bay Rail Link Depot and Office

The Coos Bay Rail Link Depot serves as an office for rail operations (see Photo 43). The building was acquired from Union Pacific Railroad in late 2010. The building is a single-story, wood-framed, metal-sided structure and appears to be in good condition. A fenced asphalt parking lot serves the building and appears to be in good condition.



Photo 38. Coos Bay Rail Link



Photo 39. Location of fence extension



Photo 40. Coos Bay rail yard



Photo 41. Coos Bay rail yard



Photo 42. Ferrellgas spur line



Photo 43. Coos Bay Rail Link building

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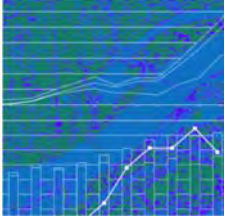
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**Oregon International Port of Coos Bay
Strategic Business Plan
Coos Bay, Oregon**

**Appendix C
Strategic Market Assessment**



Oregon International Port of Coos Bay Strategic Business Plan – Strategic Market Assessment

Final Report

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Oregon International Port of Coos Bay Strategic Business Plan Strategic Market Assessment

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Oregon International Port of Coos Bay Strategic Business Plan Strategic Market Assessment

Executive Summary

The purpose of this report is to evaluate strategic market opportunities for the Oregon International Port of Coos Bay (Port/Port District), the defined public port district/port authority for Oregon's bay area. This assessment includes a review of trends that impact economic development in the region served by the Port as well as a detailed assessment of specific market opportunities that should be pursued by the Port of Coos Bay. The following chapter presents a summary of findings on behalf of the Coos Bay harbor and the local marine terminals and marine services industry. It should be noted that at the present time, the existing cargo terminals are privately-owned and operated, and marine services are provided by private-sector firms. The Port owns marine industrial property at various locations around the harbor, but does not operate any facilities or provide marine services.

The Strategic Market Assessment was completed in 2013 and updated in 2015. The following chapter presents a summary of findings.

Key Economic Trends Impacting Economic Development

Economic development opportunities in Coos Bay, North Bend, Charleston and the surrounding region are impacted by forces beyond local control, including forces affecting the international, national and state economies.

World Trends

World growth is expected to accelerate gradually in 2014, emerging from its lackluster performance over the last two years. This will occur primarily as a result of easing of private-sector deleveraging and public-sector austerity. Gross Domestic Product (GDP) growth is expected to accelerate gradually for the next three years (through 2018), growing annually between 3.6 percent and 4.1 percent, which is much better than the performance of the recent past. Most forecasters expect that there will be more upside risks than downside risks facing the global economy, which indicates that faster growth in GDP may occur.

Economic growth is expected to improve international trade flows. Exports were a major driver of growth in 2009, just after the recession. However, this has slowed down since 2011. Overall, exports are expected to pick up and help propel domestic U.S. growth along with an improving global economy. The fundamentals underlying the mess in Europe remain unresolved and China's growth has slowed – at least temporarily – over the past year or so.

The U.S. economy is expected to grow annually at between 2.6 percent and 3.1 percent over the next five years. The economy is bolstered by continued growth in housing, ripple effects of the unconventional oil and gas boom, faster pace of capital spending, and steady growth in consumer spending.

Other emerging markets will also perform a little better. The global environment facing emerging markets will be more growth friendly than it has been in the last three years. U.S. and Chinese growth will be a little stronger and the Eurozone will no longer be a drag on the world economy. This means that emerging-market exports will again become a source of growth.

Oregon Trends

Employment growth in Oregon is expected to continue and job gains are spreading further across the state, with half of the recent gains outside the Portland Metro area. The Oregon Office of Economic Analysis is projecting that there will be 245,000 new jobs by 2020. Much of this gain is expected to be in professional and health services, but manufacturing and construction are also expected to add jobs. Growth in trade and other service categories is expected to be more measured.

Several demographic trends are expected to influence Coos County and the surrounding region. The baby boom generation will continue to age, accompanied by increases in life expectancy. Given these demographic influences, there will continue to be a need for replacement workers. There will continue to be in-migration to Oregon from other states. Most of the population growth is expected to occur in the Willamette Valley but some will also occur in Coos County and southwest Oregon.

With respect to personal income, education will continue to be a key determinant of wages and household income. State forecasters expect that wage gains will grow as rapidly as the rate of inflation, although just barely.

Demand for labor will be negatively impacted by continued increases in labor productivity. There will also be a continued shift of employment from manufacturing and resource-intensive industries to the service-oriented sectors of the economy. However, the manufacturing sector will continue to have heightened importance to Oregon's economy. In addition, small businesses are expected to continue to account for over 50 percent of employment in Oregon.

Regional Trends

The population in Coos County and the surrounding region is continuing to age due to the aging baby boom population and the growth of the retirement age population. Younger residents are seeking employment elsewhere to find family wage jobs. As noted in the recently completed Comprehensive Economic Development Strategy for Coos, Curry and Douglas counties:

- The loss of younger age cohorts presents a challenge in developing a strong workforce for the future as the younger populations are declining in the area.
- Coos, Curry and Douglas counties continue to recover from the 2008 economic recession, which resulted in major structural changes to the economy. Lasting impacts of the recession include high levels of long term unemployed, mismatch of employer needs/worker skills and persistent economic challenges in rural areas.
- The region enjoys a competitive advantage in the following industries: forest products; ocean/fisheries; metals, machinery and equipment; tourism.
- Economic forecasts predict that the regional growth will continue to lag behind the urban areas of the state, suggesting the need to continue to invest in projects and activities that lead to economic diversification, job growth, and improved community services just as the Regional Board has done in the past.¹

This underscores the importance of developing family wage jobs associated with marine and rail transportation, maritime commerce in the Coos Bay harbor, as well as industrial and commercial activities in the region.

¹ Source: Comprehensive Economic Development Strategy (CEDs) for Coos, Curry, and Douglas Counties, Oregon 2014-2018, prepared by CCD Business Development Corporation.

Economic Impact of the Coos Bay Harbor

Marine industrial activity and transportation-related development within the Port District (including the activities of tenants and facility users) is a significant contributor to the economy in Coos County and southwest Oregon. The estimated economic impact of the Coos Bay Harbor is as follows²:

- Total port-related Oregon employment of 2,892 jobs (consisting of 1,305 direct jobs and 1,587 indirect/induced jobs)
- Gross sales of \$396 million (\$224 M direct and \$172 M indirect/induced)
- Oregon GDP of \$160 million (\$67 M direct and \$93 M indirect/induced)
- Labor income of \$108 million (\$55 M direct and \$53 M indirect/induced)
- Annual local and state of Oregon tax revenue/payments of \$14.4 million (\$3.6 M local and \$10.8 M in state tax revenues)
- Annual federal tax revenue/payments by Oregon enterprises and employees of \$22.2 million.

The national economic benefits from maritime commerce activity and related industrial operations in the Coos Bay Harbor extend beyond Oregon's borders. The forest products and seafood that are produced locally are shipped throughout the United States and overseas.

The Port District receives property taxes from residents and businesses within the district. Based on a survey by FCS GROUP of annual Port District audits in Oregon, the average ratio of property tax to total operating revenues for Oregon ports was 30.8 percent in 2012. For the Port of Coos Bay the ratio was 38.6 percent in FY 2012, but dropped to 35.8 percent in FY 2013.

The key fiscal metrics for the Port District indicate the following employment and tax benefits:

- For every \$1,000 in property tax collected by the Port, the operations of the Port and its tenants support 1.46 jobs in Coos County and an additional 0.45 jobs elsewhere in Oregon.
- The average level of tax receipts per supported job is \$687.
- Port-related operations generate more local taxes than the Port collects, with \$2.37 in local taxes generated for each \$1.00 in Port property tax.
- For every \$1.00 in property tax collected by the Port, a total of \$7.12 taxes is generated statewide.

Market Opportunities for the Port District and the Coos Bay Harbor

The Port District provides infrastructure that is critical to the continued success of local employers. The Port should continue to focus on three areas: the Charleston Marina complex, marine commerce, and the Coos Bay rail line.

Charleston Harbor

The Charleston Marina complex supports both the commercial seafood industry and the tourism/visitor industry. The local commercial seafood industry includes a number of interrelated business types, including commercial fishing vessels, vessel supply and repair, seafood processing, and seafood retail. The local visitor industry is supported by the boat launch ramp, vessel moorage,

² Source: Economic Benefits of Oregon Public Ports, December 11, 2013 DRAFT REPORT, by FCS GROUP in association with BergerABAM, BST Associates and the Northwest Economic Research Center.

RV Park, retail activities, and restaurants in and near the marina. The U.S. Coast Guard, also based at the marina, provides critical services to both the commercial and recreational sectors. Continued Port District investment in the marina complex is a key to the success of these sectors.

Marine Cargo

Supporting marine commerce was the original reason for the creation of the Port of Coos Bay over 100 years ago, and continues to be a key focus today for the Port District. Toward this end, the Port has been pursuing a number of goals. These include deepening and widening the navigation channel, supporting the development of a liquefied natural gas (LNG) terminal, creating a new multi-purpose dock, and responding to inquiries from other potential marine cargo tenants. Potential new cargoes have included dry bulk, liquid bulk and general cargo. In addition to the potential new LNG terminal, the proposed navigation improvements will benefit existing shippers by increasing the size of vessel that can safely navigate the channel. The improved channel also enhances the competitiveness of Coos Bay relative to other ports in the region, allowing the Port to pursue additional cargo opportunities.

Coos Bay Rail Link - CBR

The growth in carload traffic on the Coos Bay rail line demonstrates the importance to local shippers of this Port investment. The railroad helps local employers by reducing their transportation costs, thereby making them more competitive with suppliers from other regions. By continuing to upgrade rail infrastructure the Port and Coos Bay Rail Link - CBR, a shortline railroad operating company, increase the likelihood of generating additional volumes from existing shippers, as well as attracting new business. In addition, upgrading the rail infrastructure increases viability of the Port's marine commerce investments.

Oregon International Port of Coos Bay Strategic Business Plan Strategic Market Assessment

Introduction

The Port of Coos Bay was first founded as a Port District in 1909, although litigation challenging the establishment of the district actually delayed creation of a formal district until 1912. The Coos Bay district is the largest of three port districts in Coos County (the others are Bandon and Coquille River). Within the Port District's boundary is the natural harbor of Coos Bay. This harbor has been critical to the development of the region, serving as the loading point for the logs, lumber, and woodchips produced by the region's mill. At one time Coos Bay was advertised as the world's largest lumber shipping port, and although the industry has shrunk, it is still a major source of jobs in the region. The Port owns several marine industrial facilities, although none are used for cargo movements, and is the sponsoring agency responsible for maintaining the navigation channel and the access it provides to the public and private marine terminals. The opportunities for continued growth in marine cargo appear to be favorable for the Port District and the Coos Bay harbor.

The Port expanded its transportation portfolio in recent years when it acquired the rail line that links Coos, western Douglas and western Lane Counties to the North American freight rail system at Eugene. When the previous owner ended service on the line and filed to abandon it, the Port stepped in to acquire and rehabilitate the line. The Port selected an experienced shortline rail operating firm to run the railroad, and began offering service to the North Spit of Coos Bay in 2011 and to Coquille in 2013. Lumber mills and the timber industry provide the largest volume of cargo, but the local dairy industry also benefits from shipping feed by rail, and the availability of rail service will likely be a key factor in expanding waterborne cargo volumes.

Fishing is another key industry in Coos County and the south coast region, and one that is supported by the Port. One of largest commercial fishing fleets on the south coast is based at the Charleston Marina, which is part of a complex that includes Charleston Ice, the Charleston Boatyard, and the Charleston Marina RV Park, and a Coast Guard installation, all of which serve various market segments in the community – commercial fishing and seafood processing, recreational fishing and boating, tourism and a growing retail and commercial sector. In addition to tenants of the Port, there are a number of fish processing firms in the Port District that depend on the local fleet for their raw product. The activities in Charleston are a key component of the growth of the tourism industry in Coos Bay and the surrounding region.

Location

The Port is a major deep-draft coastal harbor with more than 1.5 million tons of cargo crossing the bar annually, making the Coos Bay harbor the busiest seaport in Oregon. It has a safe entrance bar, an experienced maritime labor force, a wide range of maritime services, and a short (15 mile) navigation channel. These factors assure that inbound and outbound cargoes move efficiently through the harbor's marine terminals to both domestic and international markets.

TransPacific Parkway provides access for industrial operations and marine terminals on the North Spit of lower Coos Bay to the state and federal highway system via U.S. Highway 101, the major north-south highway corridor on the Oregon coast. State highways 38 (to the north) and 42 (to the south) connect U.S. 101 to Interstate 5 (I-5). It is approximately 90 road miles to I-5 via either route, and driving time is approximately 1.5 to 2 hours.

Freight rail service is provided by the Port through CBR, which is operated by an experienced short line railroad operating company through a management agreement with the Port. The CBR interchanges with the Union Pacific Railroad and several short line carriers in Eugene, Oregon. Southwest Oregon Regional Airport, a commercial service passenger and freight airport, is located in North Bend and is a key factor in enhancing economic development efforts in the Coos Bay-North Bend area and surrounding region. Transportation Access

TransPacific Parkway provides access for industrial operations and marine terminals on the North Spit of lower Coos Bay to the state and federal highway system via U.S. Highway 101, the major north/south highway corridor on the Oregon coast. State highways 38 (to the north) and 42 (to the south) connect U.S. 101 to Interstate 5. It is approximately 90 road miles to I-5 via either route, and driving time is approximately one and a half to two hours. There are multiple road access points to the property.

Freight rail service is provided on the Port of Coos Bay's rail line through an operating agreement with Coos Bay Rail Link-CBR, which is an experienced shortline railroad operating company. The CBR interchanges with the Union Pacific Railroad and several shortline carriers at Eugene, Oregon.

Southwest Oregon Regional Airport, a commercial service passenger and freight airport, is a key factor in enhancing economic development efforts in the Coos Bay-North Bend area and in the surrounding region.

Overview of Port Facilities and Projects

The Oregon International Port of Coos Bay has invested in infrastructure to serve key industries in the region. These include: the Charleston Marina complex, which provides moorage and services to the commercial and recreational fishing fleets; the Coos Bay rail line, which helps the forest products industry to successfully compete over a wide region, and; various marine navigation improvements to serve local manufacturers.

Charleston Marina Complex

The Charleston Marina complex supports the commercial and recreational fishing industries, a key sector of the regional economy. Facilities at this complex include the marina, an RV park, a boatyard, and a commercial ice house. The value of the Port's infrastructure at Charleston is estimated to be \$40 million.

The Charleston Marina provides moorage for approximately 165 to 200 commercial fishing boats, as well as approximately 250 recreational boat slips. The marina also has a six-lane boat ramp and various fishing cleaning stations. The U.S Coast Guard Lifeboat Station Coos Bay is located at the Charleston Marina, and Aids to Navigation Team is stationed nearby.

The boatyard complex is an important support facility for the fishing and recreational boat fleets, consisting of:

- Giddings Boat Works - steel repair and fabrication.
- Tarheel Aluminum & Stainless Steel Fabrication - steel and aluminum repair and fabrication.
- Skallerud Marine Services - structural repairs, carpentry and electrical construction and repair to wood and fiberglass vessels.

Upland space is also available for do-it-yourself vessel repair projects.

The Port offers various types of property for lease at the Charleston Marina Complex, including office, retail and commercial properties. In addition, the Port also offers storage space and indoor storage for boats and gear.

The RV Park provides 98 spaces for recreational fishing tourists and others. The RV Park also has meeting room space for rent.

Coos Bay Rail Link - CBR

The 134-mile Coos Bay rail line has served southwest Oregon communities for nearly 100 years. It provides efficient and cost-effective access to regional, national and global markets and the North American Class 1 rail system.

One of the major infrastructure investments made by the Port District in support of the regional forest products industry and other local firms is the purchase and rehabilitation of the rail line linking Coos Bay with the North American freight rail system at Eugene. In 2007, following decades of neglect and underinvestment, the previous owners of the rail line stopped service to Coos Bay, citing safety issues with failing tunnels. The Port acquired the freight rail line in 2009/10 and contracted with Coos Bay Rail Link – CBR to operate the railroad. CBR has been successful in attracting more than a dozen customers, and has demonstrated strong growth in traffic volumes.

Navigation Channel

In addition to Port-owned facilities, the Port is the non-federal sponsor for navigation system maintenance and improvements. This navigation system includes the jetties at the mouth of Coos Bay, the channel leading to the Charleston Marina, and the deep-draft channel that provides access to the upper portions of Coos Bay, approximately 15 miles from the bay entrance. The depth of the channel at the entrance is -47 feet mean lower low water (MLLW). Channel depth is maintained at -37 feet MLLW for the length of the 15.2 mile channel.

Marine Terminals

As shown in Table 1, there are currently 14 marine terminals located in the Coos Bay harbor, with 14 berths and approximately 8,100 feet of berth space (including the water area accessed by marine dolphins).

In addition, the Port owns more than 1,000 acres of land on the North Spit area of lower Coos Bay. The North Spit area offers marine, rail, and road access.

The existing marine terminals that are active in maritime commerce primarily serve forest products, including wood chips, logs and lumber. Some terminals also serve as utility or work docks. Two terminals were designed for bulk cargoes but are not currently active:

- Tyree oil was previously used for receipt of petroleum products but currently serves as a distribution terminal for petroleum products that are trucked from the I-5 corridor;
- ORC Terminal was used for outbound mineral exports but is currently idle.

In addition, several other marine terminals are planned or under consideration in the Coos Bay harbor.

Jordan Cove LNG Terminal

The Jordan Cove LNG export terminal will be located on the North Spit of lower Coos Bay, at approximately Channel Mile 7.5 of the existing Coos Bay navigation channel. The LNG terminal will include facilities to accommodate LNG ship berthing and cargo loading, two 160,000 cubic meter LNG storage tanks, a natural gas liquefaction system capable of producing approximately 1 billion cubic feet per day of LNG, and a 420 MW power plant and natural gas treating facility. At full buildout, the LNG terminal would generate more than 6 million tons of LNG exports per year.

The terminal would receive natural gas from the proposed Pacific Connector gas pipeline, which is a 234-mile, 36-inch diameter pipeline, extending from a western U.S. natural gas grid interchange facility at Malin, Oregon to the Jordan Cove LNG terminal. The pipeline is being designed with an initial capacity of 1 billion cubic feet per day of natural gas.

Oregon Gateway

The development of the Oregon Gateway complex is being undertaken by the Port and includes multiple marine terminal development projects on the North Spit of lower Coos Bay. One project is the construction of a new multipurpose, multi-modal facility with multiple channel side, deep-draft vessel berths.

The various vessel berths are proposed to be constructed to depths that will be partially determined by the final navigation channel dimensions resulting from the Lower Coos Bay Channel Modification project.

Table 1 – Marine Terminals in the Coos Bay Harbor

Terminal Information	Operator	Channel Mile	Use	Berths	Length (feet)		Water Depth (feet)	Comment
					Wharf	With Dolphins		
Cape Arago Dock/Sause Bros. (private terminal)	Sause Bros. Ocean Towing Co., Inc	5.4	utility/work dock	1	505	505	20	
DBWT Inc.	DBWT	5.6	utility/work dock	1	140	200	20	
North Bay Marine Industrial Park	Oregon International Port of Coos Bay							Developable industrial and marine/industrial sites Note: The North Bay Marine Industrial Park is within Site 1 of Foreign-Trade Zone No. 132.
Southport Lumber Company (private terminal)	Southport Forest Products Sawmill & Barge Facility	6.3	Multi-purpose barge slip.	1	420	420	22	
Roseburg Forest Products (private terminal)	Roseburg Forest Products	7.9	outbound woodchips	1	260	1000	38	Storage: 25+ acres/10.1+ hectares; Facilities: rail spur/two sidings; truck/rail dumpers; 1,400-ton/ 1,422-metric-ton-per-hour vessel loader
Merrill & Ring at Ocean Terminals Co. (private terminal)	Merrill & Ring Inc.	11	inbound and outbound logs	1	408	750	38	Storage: 34 acres/8.5 hectares, fenced; Facilities: rail siding; log debarker
Tyree Oil	Tyree Oil, Inc.	12.4	receipt of petroleum products; lighter barge moorage	1	200	300	28	Storage tank farm - 70,000 barrels
Oregon Chip Terminal (private terminal)	Oregon Chip Terminal, Inc.	12.5	outbound woodchips (private terminal)	1		1000	37	Storage: 5 acres/2 hectares, open; Facilities: truck dumpers; 650-ton/661-metric ton per hour pneumatic loader
Bayshore Dock / Sause Bros. (Private Terminal)	Sause Bros. Ocean Towing Co.	12.7	utility/work dock (private terminal)	1		700	30	Storage: 2.5 acres/1 hectare; Facilities: rail line adjacent, no spur on site
U.S. Army Corps of Engineers Port of Coos Bay Moorage	US Army Corps of Engineers	13.2	utility/work dock; government vessel moorage	1	125	360	25	Floating dock 100 feet
Peirce Terminal (Private Terminal)	Oregon Resources Corporation	14.8	mineral processing (private terminal)	1		600	36	Storage: dry bulk; Facilities: rail siding
Georgia-Pacific (Private Terminal)	Georgia-Pacific West Inc.	14.9	outbound woodchips	1	1326	1326	37	Storage: 80 BDU; Facilities: truck dumpers; traveling tower with 400-

Terminal Information	Operator	Channel Mile	Use	Berths	Length (feet)		Water Depth (feet)	Comment
					Wharf	With Dolphins		
								ton/407-ton per hour pneumatic loader
Coos Bay Docks	Coos Bay Docks	15.1	breakbulk general cargo, primarily forest products	1		above	37	Storage: 20 acres; 216,000 square feet/20,067 square meters covered dry storage; Facilities: rail siding, mobile cranes
Coastal Fibre Barge Moorage (Private Terminal)	Coastal Fibre, Inc. - Coos Bay	.9 mile ³	barge loading of woodchips	1	445	445	8	
Knutson Log Yard Moorage (Private Terminal)	Knutson Transportation Co.	1.9 miles	inbound logs (landside unloading)	1		500	22	
Total				14		8,106		

Source: Oregon International Port of Coos Bay website

³ Coastal Fibre and Knutson Log are located south and southeast of the main channel in Isthmus Slough

Socio-Economic Analysis - International and National Trends

Economic development in Coos Bay and the surrounding region is impacted by forces beyond local control, including forces affecting the international, national and state economies. These trends are briefly evaluated in this section.

World

World economic growth is expected to accelerate gradually in 2014, emerging from its lackluster performance of the last two years. This will occur primarily as a result of easing of private-sector deleveraging and public-sector austerity. Gross Domestic Product (GDP) growth is expected to accelerate gradually for the next five years (through 2018). The International Monetary Fund (IMF) projects that the world GDP will grow annually between 3.6 percent and 4.1 percent, which is much better than the performance of the recent past.⁴ Most forecasters expect that there will be more upside risks than downside risks facing the global economy, which indicates that faster growth in GDP may occur.

Economic growth is expected to improve international trade flows. Exports were a major driver of growth after the recession in 2009 but have cooled off since 2011. Overall, exports are expected to pick up and help propel domestic U.S. growth along with an improving global economy, but likely not right away.

United States⁵

The U.S. recovery lost steam in 2013 because of massive fiscal tightening, which eliminated about 1 percentage point of GDP growth. Growth in the next five years is expected to be slightly more robust. The IMF projects that GDP growth in the U.S. is expected to range from 2.6 percent to 3.1 percent annually over the next five years, which is higher than the average growth that occurred in the period from 2007 to 2011. Several factors point to future improved performance such as:

- Continued strength in housing,
- Ripple effects of the unconventional oil and gas boom,
- Faster pace of capital spending,
- Steady growth in consumer spending.

Unemployment rates in the developed world are expected to remain relatively high throughout the world due to productivity improvements in both the manufacturing and services sectors. In the United States, the unemployment rate is expected to decline but the weakness in labor-force expansion is as much a cause for the reduction as genuine employment growth.

The Federal Reserve is expected to start scaling back its stimulus, while other central banks will likely wait or provide more stimulus. The U.S. dollar is expected to strengthen against most currencies because U.S. growth will be strengthening; growth differentials with other advanced economies will be sizeable and the Fed will be removing stimulus sooner than most other major central banks.

⁴ Source: International Monetary Fund, World Economic Outlook, October 2013

⁵ Source: Source: IHS Global Insight Forecast for 2014

Europe

The European recovery will proceed, but at a very sluggish pace led by the following factors, which are hoped to counteract the continued problems in southern Europe:

- Accommodative monetary policy,
- Stabilizing labor markets,
- Less emphasis on austerity by EU officials,
- Improved spending power because of ultra-low inflation,
- Better competitiveness in the peripheral countries, and
- More confidence in the ability of Eurozone politicians to manage the sovereign-debt crisis.

The Euro area is expected to continue to struggle, with annual growth in GDP below 2 percent per year. Likewise, growth is expected to be relatively slow in Japan at less than 1.6 percent annually through the period. In the Eurozone, unemployment will remain near its record highs, elevating this issue's importance relative to continued emphasis on austerity.

China and Emerging Markets

China's growth rate is expected to be sustained but at a lower rate than experienced during the past decade. There is a general expectation that Chinese government officials will prime the pump if growth falls below 7 percent. IHS Global Insight⁶ points out that "The bigger growth challenge for China will be over the medium term, as the country deals with the daunting problems of an aging population and the consequences of rapid credit growth, including a new housing bubble and rising debt levels."

The emerging markets and developing economies are expected to continue to see the fastest growth. In particular, developing Asia is expected to average growth of 6 percent to 7 percent annually. China is projected to grow at 7.0 percent to 7.6 percent during the next five years. India is expected to shake off relatively low growth in 2012 and 2013 (3.2 percent and 3.8 percent respectively) and return to annual growth between 5 percent and 7 percent through 2018.

Other emerging markets will also perform a little better. The global environment facing emerging markets will be more growth friendly than it has been in the last three years. U.S. and Chinese growth will be a little stronger and the Eurozone will no longer be a drag on the world economy. This means that emerging-market exports will again become a source of growth.

Oregon Trends

The acceleration in employment growth in Oregon during the first half of 2013 is holding and does not appear to be slowing. This means that job gains are spreading further across the state. "In recent months approximately half of all private sector job gains have been in the Portland Metro and half elsewhere, whereas two years ago over 90 percent of the gains were in the Portland region. Given the strength in the gains, further upside risks do remain to the outlook, however the baseline forecasts call for the current rate of growth to hold steady for the couple of years before longer run demographic trends weigh on net job creation."⁷

Through 2020, the Oregon Office of Economic Analysis forecasts 245,000 new jobs in the Oregon economy. Mirroring national forecasts, a significant share (44 percent) are expected to

⁶ Source: IHS Global Insight Forecast for 2014

⁷ Source: Oregon Office of Economic Analysis, December 2013 Economic & Revenue Outlook

fall in professional and health services. Manufacturing and construction are expected to add over 46,000 jobs in the state while growth in trade and other service categories is expected to be more measured.

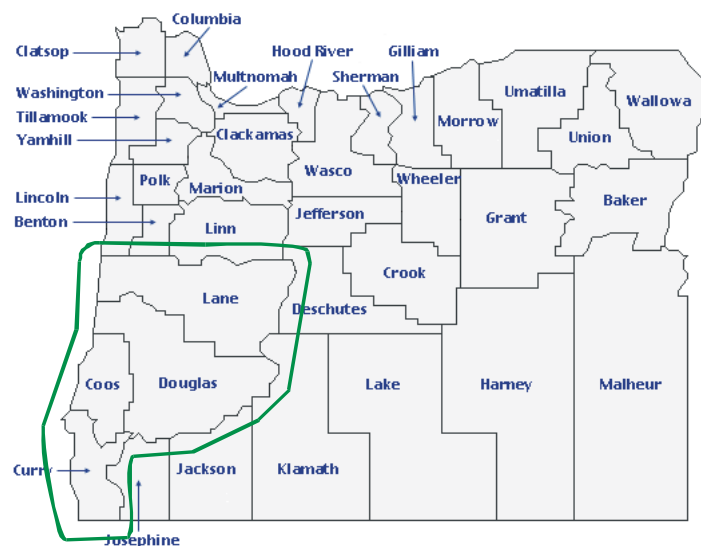
Socio-Economic Analysis - Regional Trends

The Oregon International Port of Coos Bay is located in Coos County, on the coast of southern Oregon. In addition to Coos County, the study area for this analysis includes Curry County, Lane County, and Douglas County. These counties were chosen because they are served by the Coos Bay Rail Link - CBR and generate much of the cargo moving through marine terminals in Coos Bay. (See Figure 1)

Curry County borders Coos County to the south. Geographically these two counties are similar, extending from the peaks of the Coast Range Mountains to the Pacific Ocean.

Both Lane County and Douglas County are much larger and more geographically diverse than Coos and Curry Counties. Douglas County borders Coos County to the north and east, and extends eastward from the Pacific Ocean, across the Coast Range Mountains, through the Willamette Valley, and to the crest of Cascade Mountains. Lane County borders Douglas County to the north, and also extends from the ocean to the crest of the Cascades. The Port-owned Coos Bay rail line runs from Eugene, in Lane County, through Douglas County to Coos Bay.

Figure 1 – Study Area



Demographics

This section reviews some key demographic trends.

Population

Both Coos County and Curry County are relatively rural, with most of the land area consisting of forested coastal mountains. The majority of the population is concentrated along the western edge of the counties, within a few miles of the Pacific Ocean and Coos Bay shorelines.

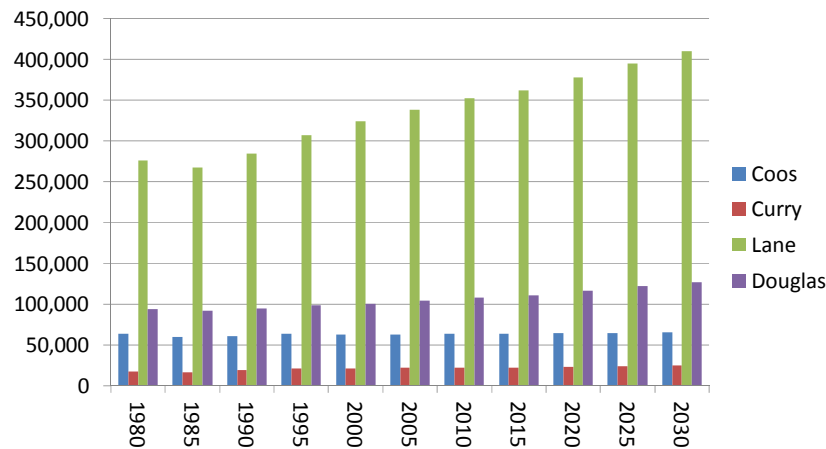
In Douglas County, most of the population lives within a narrow corridor along Interstate 5. The largest city, Roseburg, is located along I-5 in the heart of the county. Forest products manufacturing is one of the most important sectors of the local economy, and Douglas County is

the second largest producer of forest products in the state. Tourism is also an important industry in Douglas County, especially along the coastal portion of the county.

Lane County has the largest population in the study area, accounting for approximately two-thirds of all residents. Most of the population is concentrated in the Eugene-Springfield area at the southern end of the Willamette Valley. Although forest products have traditionally been a key source of jobs, the county is also home to the University of Oregon, a federal courthouse, and various high technology employers. As with the other counties in the study area, tourism is a key source of jobs along the coastal portion of the county.

Between 1980 and 2010, the population of the study area increased by 95,000 residents, with most of the growth (nearly 76,200) occurring in Lane County. During that period the population of Coos County actually decreased slightly, falling from approximately 64,000 to 63,000. Curry County grew by more than 5,000 residents (from approximately 17,000 to more than 22,300), and Douglas County grew by nearly 14,000 (from approximately 94,000 to more than 108,000). The study area population grew relatively slowly compared with the state as a whole, which saw a population increase of more than 45 percent between 1980 and 2010. (See Figure 2)

Figure 2 – Population Growth in Study



Source: Office of Economic Analysis, Department of Administrative Services, State of Oregon

From 2010 through 2030 the population of Oregon is projected to grow by an average of approximately 1.1 percent per year, while the population of the study area is projected to grow by an average of 0.7 percent per year. The population of Coos County is projected to grow by nearly 2,200 between 2010 and 2030, or at an average annual rate of less than 2.0 percent. In Curry County the growth in population is expected to be similar to Coos County with approximately 2,100 new residents. During this same period the population of Douglas County is projected to increase by nearly 19,000 and the population of Lane County by more than 58,000. (See Table 2)

Table 2 – Population Growth History and Forecast

Area Name	1980	1985	1990	1995	2000	2005	2010	2015	2020	2025	2030
Population (1,000's)											
Oregon	2,642.1	2,672.6	2,860.4	3,184.4	3,431.1	3,626.9	3,837.3	4,001.6	4,252.1	4,516.2	4,768.0
Coos	63.9	59.9	60.4	63.5	62.8	62.7	63.0	63.3	64.1	64.8	65.2
Curry	17.1	16.7	19.4	21.0	21.2	21.8	22.4	22.3	23.1	23.9	24.4
Douglas	93.8	92.0	95.1	98.9	100.6	104.3	107.7	110.6	116.1	121.7	126.6
Lane	275.8	267.1	284.3	306.7	323.7	338.0	352.0	361.5	378.3	394.9	410.2
Study Area	450.7	435.6	459.2	490.1	508.2	526.8	545.1	557.7	581.6	605.3	626.5
	1980-1985	1985-1990	1990-1995	1995-2000	2000-2005	2005-2010	2010-2015	2015-2020	2020-2025	2025-2030	
Population Change											
Oregon											
Coos		30.5	187.7	324.0	246.7	195.8	210.4	164.3	250.5	264.1	251.8
Curry		(4.0)	0.5	3.1	(0.8)	(0.0)	0.3	0.3	0.8	0.7	0.4
Douglas		(0.4)	2.8	1.6	0.2	0.7	0.5	(0.0)	0.8	0.8	0.6
Lane		(1.9)	3.1	3.8	1.7	3.7	3.4	2.9	5.6	5.6	4.9
Study Area		(8.8)	17.2	22.4	17.0	14.3	14.0	9.5	16.9	16.6	15.3
Annualized Growth Rates											
Oregon		0.23%	1.37%	2.17%	1.50%	1.12%	1.13%	0.84%	1.22%	1.21%	1.09%
Coos		-1.28%	0.17%	1.01%	-0.24%	-0.02%	0.09%	0.08%	0.25%	0.22%	0.12%
Curry		-0.49%	3.14%	1.56%	0.15%	0.63%	0.46%	-0.03%	0.68%	0.66%	0.49%
Douglas		-0.40%	0.66%	0.79%	0.34%	0.72%	0.65%	0.53%	0.98%	0.95%	0.80%
Lane		-0.64%	1.26%	1.53%	1.08%	0.87%	0.82%	0.53%	0.92%	0.86%	0.76%
Study Area		-0.68%	1.06%	1.31%	0.73%	0.72%	0.68%	0.46%	0.85%	0.80%	0.69%

Source: U.S. Census

Age Distribution

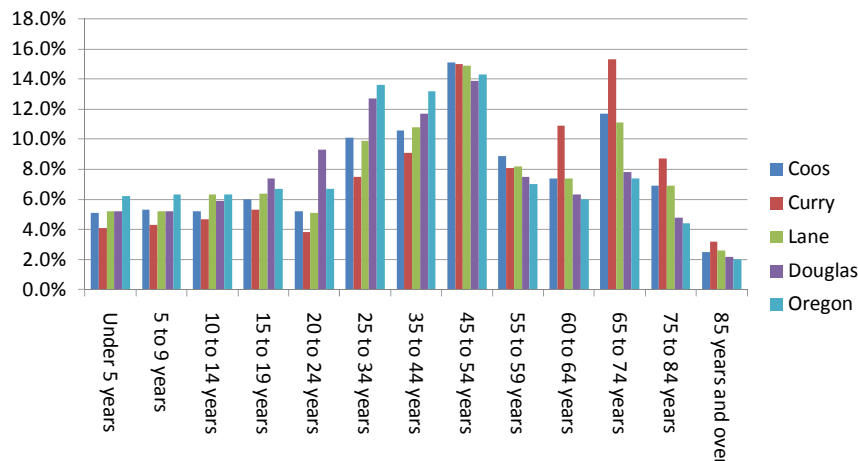
The population of the study area skews toward an older demographic than does the state as a whole. As illustrated in Figure 3, the age distribution for the state of Oregon and for most of the counties in the study area is a bell curve, with the largest number of residents in the 45 to 54 year old cohort and declining numbers to either side of that peak.

One clear exception to this distribution is Curry County, which has a larger share of residents in the 65 to 74 year old cohort than in the 45 to 54 cohort. Curry County also has a higher percentage of residents in the 60 to 64, 75 to 84, and 85 years and older ranger than does the state or the other counties in the study area.

Although Curry County is the outlier, the other counties in the study area also tend to have older populations than the state. As illustrated, in each of the five oldest age ranges (i.e. 55 to 59, 60 to 64, 65 to 74, 75 to 84, and 85 years and above), every county in the study area has a higher percentage than the statewide average.

The opposite is true at the lower end of the age range distribution, where each of the counties tends to have a lower percentage of young residents than the statewide average. This is especially true for Coos County and Curry County, where the share of residents under 45 years of age is lower than the statewide average in every age range.

Figure 3 – Age Distribution in Study

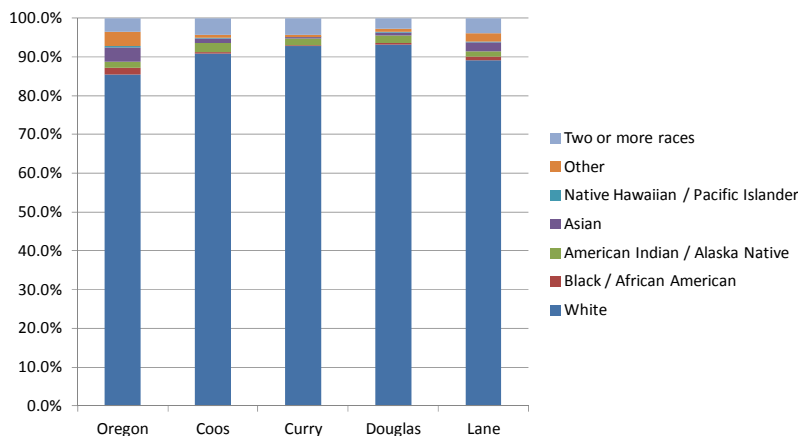


Source: 2007-2011 American Community Survey 5-Year Estimates

Ethnicity

While parts of Oregon may be relatively ethnically diverse, overall the state is primarily white, with 85 percent of residents identified as such. The study area is even less diverse, with more than 90 percent of residents identified as white. (See Figure 4)

Figure 4 – Ethnicity in Study



Source: 2007-2011 American Community Survey 5-Year Estimates

Residents identifying as two or more races account for the largest share of non-white residents in the study area (i.e. 3.77 percent). The share of residents identifying as two or more races accounts for between 2.76 percent and 4.36 percent of each county in the study area. Persons of Asian ancestry accounts the second-largest non-white population in the study area overall (i.e. 1.86 percent), but this is not the case in the individual counties.

In Coos County, Curry County, and Douglas County, American Indians or Alaska Natives account for the largest shares of the single-race minority population. In all four counties in the study area, blacks or African Americans account for less than 1.00 percent of the total population. (See Table 3).

Table 3 – Ethnicity in Study Area and Oregon

Ethnicity	Oregon	Coos	Curry	Douglas	Lane	Study Area
White	85.37%	90.75%	92.81%	93.25%	89.15%	90.30%
Black or African American	1.79%	0.39%	0.11%	0.35%	0.98%	0.75%
American Indian and Alaska Native	1.50%	2.34%	1.69%	1.86%	1.21%	1.49%
Asian	3.66%	1.24%	0.38%	0.76%	2.40%	1.86%
Native Hawaiian and Other Pacific Islander	0.35%	0.11%	0.01%	0.16%	0.21%	0.18%
Other	3.77%	0.81%	0.72%	0.86%	2.11%	1.66%
Two or more races	3.55%	4.36%	4.27%	2.76%	3.93%	3.77%

Source: U.S. Census 2010

Housing

Coos County has a total of 30,557 housing units, according to the *2007-2011 American Community Survey 5-Year Estimates*, and Curry County has 10,350. Douglas County and Lane County are substantially larger, with nearly 44,000 and 145,000 housing units, respectively. (See Table 4)

The vacancy rates of housing units are higher in Coos and Curry Counties than they are in Lane or Douglas Counties, and are also higher than the statewide average. This higher vacancy rate may be a function of the number of homes on the coast that are second homes and of the higher student population in Lane County. The vacancy rate in Coos County is 11.4 percent and in Curry County is 17.7 percent. In contrast, Douglas County has a vacancy rate of 9.7 percent and Lane County 6.8 percent. The statewide average is 9.4 percent.

Three of the four counties in the study area have a higher share of owner-occupied housing than the statewide average. In Oregon, owners account for 63.1 percent of occupied housing. In Coos County the share is 66.6 percent, in Douglas County it is 70.0 percent, and in Curry County it is 71.4 percent. The exception is Lane County, where 60.2 percent of occupied housing units are occupied by the owners.

The converse of owner occupancy is renter occupancy. Coos, Curry, and Douglas County have lower rates of renter occupancy than the statewide average, while Lane County has a higher rate.

Average household size is smaller in the study area than in Oregon as a whole. Statewide, owner-occupied households average 2.54 persons per unit. In the study area average household size ranges from a low of 2.17 persons per household in Curry County to a high of 2.44 persons per household in Lane County. Rental households tend to have fewer persons per household than owner occupied units. Douglas County is the exception, where the average rental household has more people than owner occupied units, and also more than the stateside average.

While most residents of the study area (and of Oregon) have lived in the same house for more than one year, approximately 15 percent to 20 percent have moved within the past year. Most of those who have moved did so from another house in the same county. Of those moving from a

different county, in both Coos County and Curry County the share moving from out of state was higher than the statewide average.

Table 4 – Housing Inventory and Occupancy

Subject	Oregon	Coos	Curry	Douglas	Lane
Total households	1,509,554	27,077	10,350	43,895	144,806
With one or more people under 18 years	455,849	6,298	2,115	11,217	38,954
Share of Total	30.2%	23.3%	20.4%	25.6%	26.9%
With one or more people 65 years and over	372,910	9,362	4,301	15,344	37,032
Share of Total	24.7%	34.6%	41.6%	35.0%	25.6%
Residence 1 Year Ago					
Same house	81.9%	79.7%	83.4%	81.9%	78.5%
Different house in the U.S.	17.5%	20.0%	16.3%	17.9%	20.7%
Same county	10.8%	13.9%	9.5%	12.8%	14.7%
Same state	3.5%	2.6%	1.7%	2.6%	2.8%
Different state	3.2%	3.5%	5.1%	2.5%	3.3%
Abroad	0.6%	0.3%	0.2%	0.2%	0.8%
Homeowner vacancy rate	2.3%	2.5%	3.3%	2.1%	1.8%
Rental vacancy rate	5.4%	6.1%	11.4%	5.9%	4.3%
Total housing units	1,666,014	30,557	12,576	48,600	155,320
Occupied housing units	1,509,554	27,077	10,350	43,895	144,806
Share of Total	90.6%	88.6%	82.3%	90.3%	93.2%
Vacant housing units	156,460	3,480	2,226	4,705	10,514
Share of Total	9.4%	11.4%	17.7%	9.7%	6.8%
Owner-occupied	63.1%	66.6%	71.4%	70.0%	60.2%
Renter-occupied	36.9%	33.4%	28.6%	30.0%	39.8%
Average household size - owner-occupied	2.54	2.29	2.17	2.40	2.44
Average household size - renter-occupied	2.32	2.26	2.06	2.45	2.23

Source: 2007-2011 American Community Survey 5-Year Estimates

Housing values in the study area are generally lower than the statewide average, although there are exceptions. In Oregon, the median household value for owner-occupied units is \$252,600. In both Coos County and Douglas County the media value is less than \$200,000, and in Lane County it is approximately \$231,000. In Curry County the median household value of \$254,800 is slightly higher than the statewide average. (See Table 5)

In Oregon, renters tend to pay a large share of their household income on gross rent, and for most of the study area this share is even larger. Statewide, gross rent accounts for approximately one-third (35 percent or more) of household income in 43.5 percent of renter households. In Douglas County the share is slightly lower, but in Coos County, Curry County, and Lane County the share is higher.

According to the regional CEDS, the rapid national economic downturn of 2008 also radically changed the housing market in the Coos/Curry/Douglas county planning region, which is still being influenced by foreclosures and forfeitures, which in turn continue to impact housing values.⁸

Table 5 – Housing Values

Subject	Oregon	Coos	Curry	Douglas	Lane
<u>Value of Owner-Occupied Units</u>					
Less than \$50,000	6.2%	9.7%	11.7%	10.8%	7.1%
\$50,000 to \$99,999	4.2%	9.5%	4.4%	8.8%	3.6%
\$100,000 to \$149,999	8.1%	12.0%	7.8%	15.5%	8.5%
\$150,000 to \$199,999	14.4%	20.6%	11.8%	19.7%	18.4%
\$200,000 to \$299,999	29.4%	26.4%	26.9%	21.9%	33.0%
\$300,000 to \$499,999	25.7%	15.5%	25.0%	15.3%	21.2%
\$500,000 to \$999,999	10.2%	5.0%	9.2%	6.7%	6.9%
\$1,000,000 or more	1.8%	1.4%	3.2%	1.4%	1.2%
Median (dollars)	\$252,600	\$194,500	\$254,800	\$186,400	\$230,900
<u>Gross Rent As A Percentage Of Household Income</u>					
Less than 15.0 percent	10.5%	9.5%	10.4%	11.3%	8.5%
15.0 to 19.9 percent	12.5%	11.2%	14.0%	12.4%	9.7%
20.0 to 24.9 percent	12.9%	15.5%	9.7%	13.2%	13.1%
25.0 to 29.9 percent	11.8%	11.7%	6.7%	13.1%	12.1%
30.0 to 34.9 percent	8.8%	8.0%	5.0%	9.9%	9.3%
35.0 percent or more	43.5%	44.2%	54.2%	40.0%	47.4%

Source: 2007-2011 American Community Survey 5-Year Estimates

Income

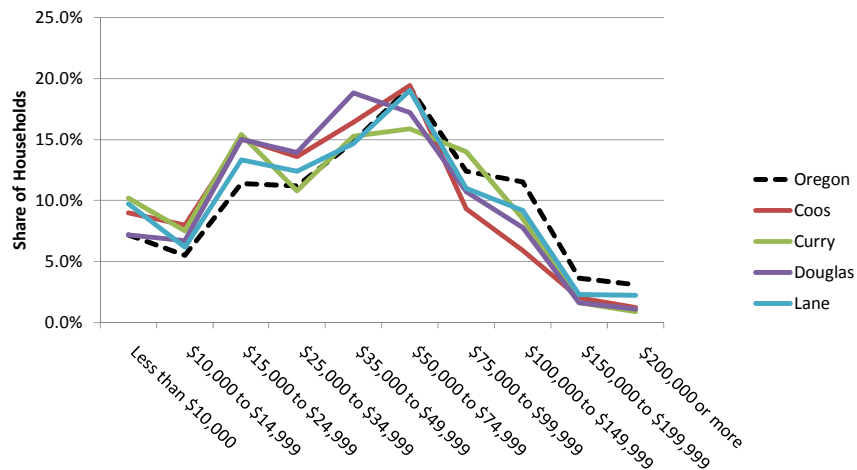
Household income in the study area is lower than it is statewide. Although the distribution of household income ranges is roughly similar among the state and the four counties in the study area, there are key differences.

As illustrated in Figure 5, for the largest share of households, income is in the range of \$50,000 to \$74,999 per year. This is true statewide as well as for Coos, Curry, and Lane Counties. Above this level the study area has a lower share of households in each succeeding bracket. The single exception is Curry County, which has a higher share of households with income between \$75,000 and \$99,999 than the statewide average. Growth in per capita personal income in the study area has lagged behind the statewide average, a trend that has continued for more than four decades.

For most of the 1970's and 1980's, per capita personal income in Coos County was approximately 90 percent of the statewide average. Beginning in 1989-1990 the difference between Coos County and Oregon began to increase, and by 2001 personal income in Coos County had dropped to just 77 percent of the statewide average. Although income increased at a faster rate in Coos County after 2001, in 2012 the county income average was still approximately only 88 percent of the statewide average.

⁸ Source: Comprehensive Economic Development Strategy (CEDS) for Coos, Curry, and Douglas Counties, Oregon 2014-2018, prepared by CCD Business Development Corporation.

Figure 5 – Household Income Distribution



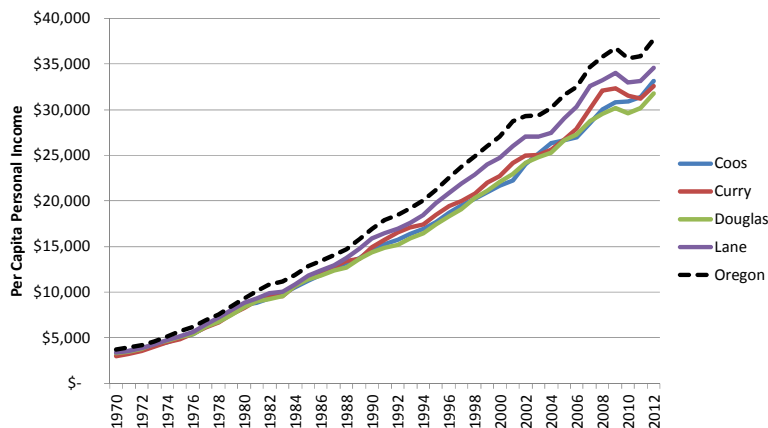
Source: 2011 American Community Survey 5-Year Estimates

Curry County experienced the opposite trend during the 1970’s and 1980’s. Per capita income averaged just 80 percent of the statewide average in 1970, but steadily grew until exceeding 90 percent of the statewide average during most of the late 1980’s. From the 1990’s onward, personal income growth in Curry County first lagged behind that of the state and then essentially recovered, reaching 90 percent of the statewide average in 2008.

In Douglas County, per capita personal income dropped from a high of 94 percent of the statewide average in 1974 to a low of 80 percent the late 1990’s. Since 2001, personal income in Douglas County has climbed at a faster rate than the statewide average, and in 2011 and 2012 personal income in Douglas County reached 84 percent of the statewide average.

Of the four counties in the study area, personal income in Lane County has remained closest to the statewide average. In 1971, per capital personal income in Lane County was 90 percent of the statewide average and by 1978 it had reached 96 percent of the statewide average. Even though per capita personal income in Lane County has grown at a marginally slower rate than statewide income since 1978, the county average has always remained above 90 percent of the state average.

Figure 6 – Trends in Per Capita Household Income



Source: Bureau of Economic Analysis

Economy and employment

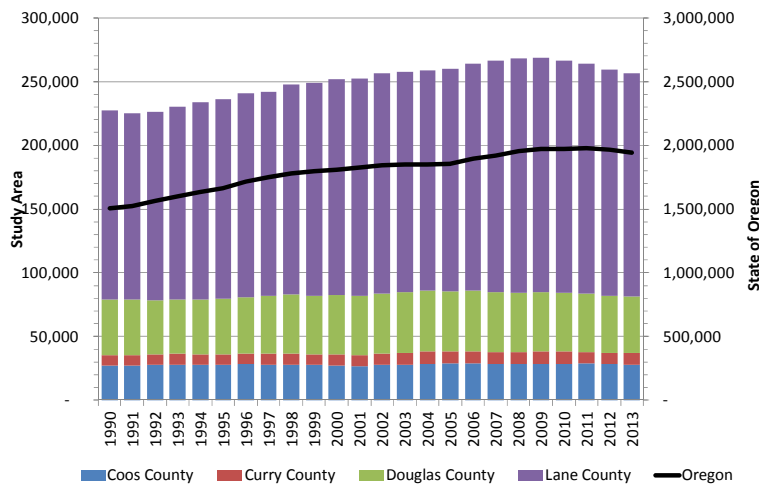
The Oregon Employment Department divides Oregon into a number of different regions used in reporting employment numbers and for use in economic analysis. The study area includes: Region 7 (Coos County and Curry County), Region 6 (Douglas County), and Region 5 (Lane County).

Labor Force

The civilian labor force in Oregon Region 7 grew very slowly between 1990 and 2010, increasing from approximately 35,300 to 38,000. The additional 2,700 workers represented total growth of 7.6 percent, but spread over 20 years the workforce saw average growth of less than 0.4 percent per year. Growth was stronger in Curry County than in Coos County, but still slow relative to the state as a whole or to the study area. Within the four-county study area the labor force grew by an average of 0.8 percent per year, with most of the growth concentrated in Lane County. During the same 1990 to 2010 period, the statewide civilian labor force in Oregon grew by 31 percent, with average growth of nearly 1.4 percent per year.

Between 2010 and 2013 there was a decrease in the size of the civilian labor force, both in the study area and in Oregon. Within Region 7 the size of the labor force fell back to the same level as in 2003, representing a decline of 2.3 percent. In the study area the size of the labor force fell back to the 2002 level, a decline of 3.6 percent. The statewide labor force also declined between 2010 and 2013, but by just 1.5 percent. (See Figure 7)

Figure 7 – Civilian Labor Force in Study Area



Source: Oregon Employment Department

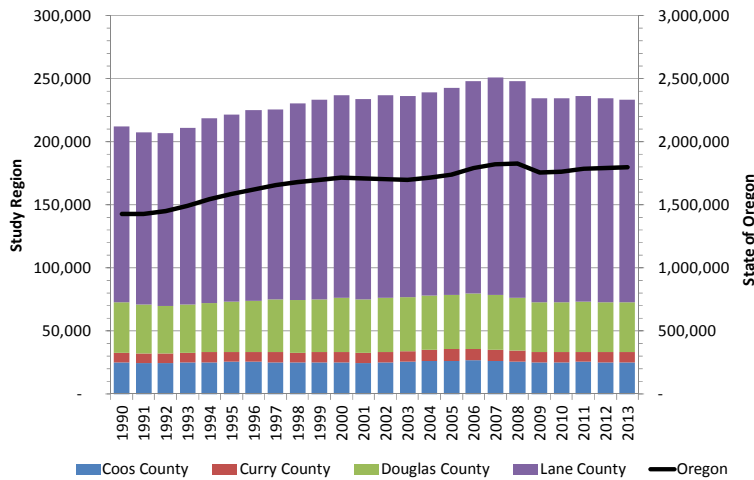
Employment

Total employment in the study area peaked in 2007, immediately prior to the economic recession. Employment dropped in each of the following two years, and has remained essentially flat since 2009. During the 2007 peak there were more than 250,000 jobs in the study area, but in two years this dropped to approximately 234,000, a decline 6.6 percent. Since 2009, total employment in the study area has fluctuated between 233,500 and 236,000. (See Figure 8)

Employment in Region 7 (Coos & Curry Counties) peaked a year earlier, in 2006, with more than 35,700 jobs. Employment started to fall slowly in 2007, and then faster in both 2008 and 2009. The total drop in employment in Region 7 was 7.4 percent, a greater decline than in the study area as a whole. Of the four counties in the study area, Douglas County fared worst in the

recession, with employment dropping more than 9.4 percent between 2006 and 2009. Lane County saw employment peak in 2007, and then fall by more than 10,000 jobs (6.2 percent) between 2007 and 2009. The majority of employed workers in Oregon Region 7 are from Coos County. Coos County’s share of Oregon Region 7 employed workers has averaged 75.8 percent since 1990.

Figure 8 – Total Employment

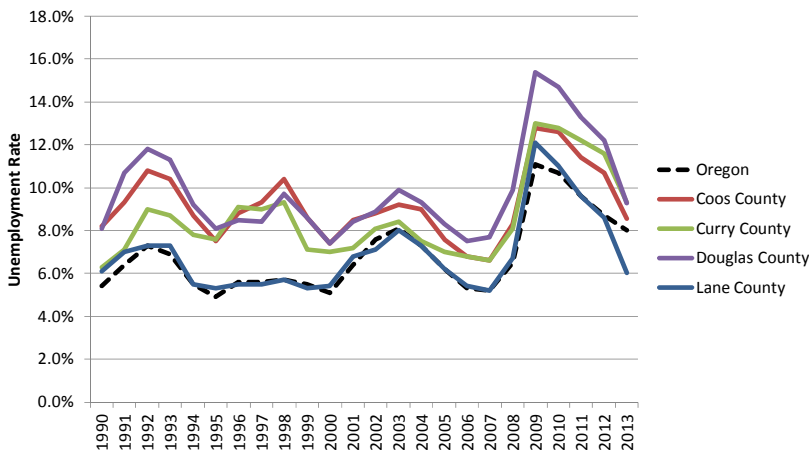


Source: Oregon Employment Department

Unemployment

With the exception of Lane County, the study area has suffered substantially higher unemployment than the statewide average. Between 1990 and October of 2013, the unemployment rate in Coos County averaged 2.3 percent higher than the state unemployment rate. This differential peaked in 1998, when the Coos County unemployment rate of 10.5 percent was 4.7 percent higher than the statewide rate of 5.7 percent. During the most recent decade (2002 through 2012) the differential was somewhat lower, with unemployment in Coos County averaging 1.6 percent above the statewide average. (See Figure 9)

Figure 9 – Unemployment Rate



Source: Oregon Employment Department

Curry County has also seen unemployment rates that typically run higher than the statewide average. Between 1990 and October 2013 the unemployment rate in Curry County averaged

1.7 percent higher than the Oregon rate. As recently as 2004 this difference had declined to just 0.2 percent, but from 2007 through 2012 the unemployment rate in Curry County climbed at a faster rate, and in 2012 the County unemployment rate of 11.6 percent was 2.9 percent higher than the Oregon rate of 8.7 percent.

The unemployment rate in Douglas County has consistently run higher than in the rest of the study area. For 18 of the 23 years from 1990 through 2012, Douglas County had the highest unemployment rate in the study area. Also, during this period the unemployment rate in Douglas County averaged 3.0 percent higher than the statewide average, and reached as much as 4.5 percent higher.

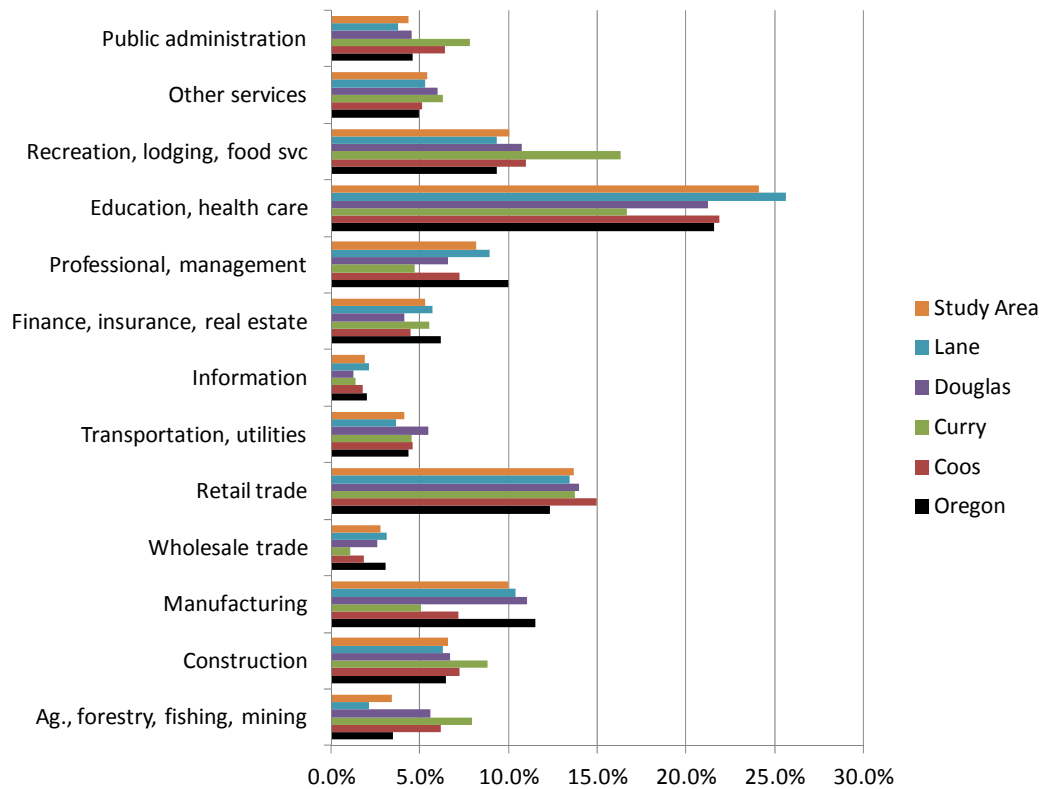
Lane County has fared much better than the rest of the study area, with an unemployment rate that has closely tracked the statewide average.

Major Economic Sectors

In the four-county study area, the education and healthcare sector accounts for nearly one out of four jobs (i.e. 24.1 percent). This sector includes educational services, and health care and social assistance. The share of jobs accounted for by education/healthcare in the study area is higher than the statewide share of 21.6 percent. Lane County leads in this category, due in large part to the presence of the University of Oregon.

Figure 10 presents a comparison of the relative importance of the various sectors to each of the counties in the study area, as well as to Oregon.

Figure 10 – Main Employment Sectors



Source: U.S. Census Bureau

Retail trade is the second largest source of jobs in the study area. Retail accounts for 13.7 percent of jobs in the study area, which is slightly higher than the statewide share of 12.3 percent. Retail employment accounts for a larger share of jobs in Coos County (i.e. 15.0 percent) than in the other three counties in the study, but each of the counties has a higher share of employment in the retail sector than the statewide average.

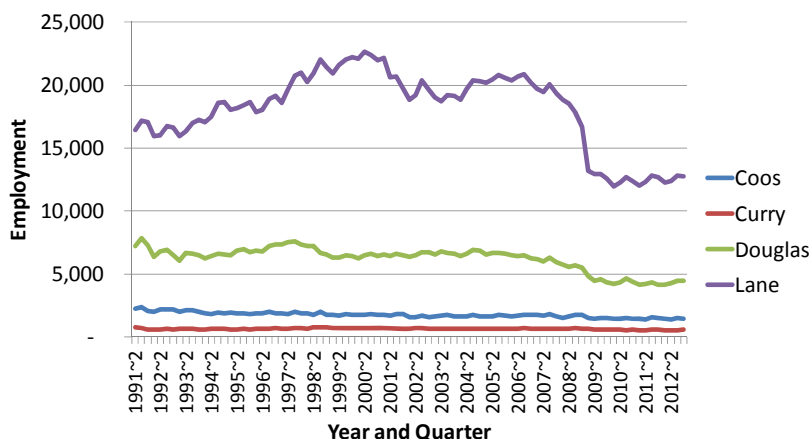
The recreation, lodging and food service sector accounts for approximately 10 percent of jobs in the study area, slightly higher than the state average. Within the study area, this sector is particularly important to Curry County, where it accounts for 16.3 percent of all jobs.

Manufacturing also accounts for 10.0 percent of employment in the study area, which is lower than the statewide average of 11.5 percent. Manufacturing in the study area is highest in Douglas and Lane Counties, where it accounts for 11.0 percent and 10.4 percent, respectively. In Coos County, manufacturing accounts for 7.2 percent of employment, and in Curry County it accounts for only 5.1 percent.

The manufacturing sector has been hit especially hard in recent years, due to the impact of the recession. During the late 1990's, manufacturing employment in the study area peaked at approximately 31,600 jobs. This number dropped in 2001 and 2002, but recovered for a number of years, averaging more than 29,000 from 2000 through 2006. The beginning of the recession in 2007 saw manufacturing start to decline, and by the first quarter of 2010 the study area had lost more than 42 percent of manufacturing jobs.

Manufacturing in Lane County was hit especially hard by the recession, but it also saw the most growth in manufacturing jobs leading up to the recession. The other three counties in the study area did not see the increase in manufacturing jobs prior to the recession, and in fact have experienced steadily declining manufacturing employment since at least 1991. (See Figure 11)

Figure 11 – Manufacturing Employment



Source: U.S. Census Bureau

As described in the Comprehensive Economic Development Strategy, changes to forest and fish/seafood products have and are continuing to impact the social, economic and infrastructural fabric of the region:

- “The communities in the planning area continue to be impacted by changes in the wood products industry that took place in the late 1980's. Much of the infrastructure including transportation, housing, water systems, schools and healthcare facilities was built during the rapid economic expansion prior to this time. The local taxing

structure grew up around the large manufacturing base of the timber industry. As the operations have gone away, the tax base has eroded to the point that local ability to finance infrastructure improvements is compromised. Many of the downtown wood-framed structures are reaching the end of their functional lifespan. Similarly, key infrastructure that supports several communities has reached -- or will reach -- the end of its functional lifespan during the planning period. With careful planning, communities in the regional area will have an opportunity to replace and upgrade fundamental infrastructure with forward-looking state of the technology replacements. The centers of the communities must be restored if the social fabric of these communities, culturally and historically, is to survive. Additionally, the strengthening of communities can only occur if the reconstituted economic foundations of the regional are appropriate and sustainable. A major focus of the SDAT team, and of this initiative, will be the revitalization of the local communities and their downtowns as focal points of community life.

- The seafood and agricultural commodities produced in the region area are also experiencing a period of stress that are strikingly parallel to that experienced by the wood products industry thirty years ago. The historically diverse independent network of seafood processing facilities throughout the northwest has been consolidated to just a few entities. This has had a negative impact on traditionally low-wage employment in the seafood processing industry. At present, the seafood harvesting sector continues to be dominated by owner-operator ventures; but recent changes in fisheries management policies have set the stage for further consolidation of the seafood harvesting sector. The West Coast Groundfish Trawl “Catch Share” program is a market-based approach to fisheries management that allows for absentee-ownership of fishery access rights, disrupting the traditional owner-operator commercial fishing business model. The groundfish trawl catch share program will consolidate ownership of groundfish fishery access rights away from fishing communities, negatively impacting coastal economies in Coos and Curry County. Ports and harbor communities on the southern Oregon coast that have traditionally provided affordable housing for cannery workers and fishers have become popular relocation centers for recent retirees from across the country. This gentrification of coastal port communities has served to drive up property values in the vicinity of Oregon’s scenic port communities, moving low-wage fishers and seafood processing workers further from their places of employment. Without creative address, this trend is likely to continue.”⁹

⁹ Source: Comprehensive Economic Development Strategy (CEDS) for Coos, Curry, and Douglas Counties, Oregon 2014-2018, prepared by CCD Business Development Corporation, page 12.

Employment Forecast

The Oregon Department of Employment's forecast for the study area, which is presented in Table 6 (below), estimates that employment growth in the four county region will increase by 33,810 jobs between 2010 and 2020.

- Coos/Curry counties are expected to add 2,970 jobs,
- Douglas County is expected to add 5,540 jobs and
- Lane County is expected to add 25,300 jobs.

Most of the growth (88 percent) is expected to occur in the private sector and the rest in the public sector (12 percent). The fastest growing sectors are expected to be:

- Educational and health services
- Professional and business services
- Trade, transportation, and utilities
- Leisure and hospitality
- Retail trade
- Natural resources and mining
- Manufacturing

Table 6 – Employment Projections by Region and Economic Sector

Sector	Coos & Curry Region 7			Douglas County Region 6			Lane County Region 5			Study Area			
	2010	2020	Change	2010	2020	Change	2010	2020	Change	2010	2020	Change	% change
Total payroll employment	27,910	30,880	2,970	34,680	40,220	5,540	141,100	166,400	25,300	203,690	237,500	33,810	16.6%
Total private	20,480	22,910	2,430	26,290	31,400	5,110	110,900	133,100	22,200	157,670	187,410	29,740	18.9%
Natural resources and mining	1,260	1,440	180	1,390	1,660	270	1,900	2,100	200	4,550	5,200	650	14.3%
Mining and logging	560	680	120	900	1,060	160	700	900	200	2,160	2,640	480	22.2%
Construction	1,090	1,210	120	1,180	1,500	320	5,200	6,600	1,400	7,470	9,310	1,840	24.6%
Manufacturing	2,050	2,210	160	4,160	4,790	630	12,200	13,800	1,600	18,410	20,800	2,390	13.0%
Wood product manufacturing	1,040	1,080	40	2,800	3,250	450	3,400	3,900	500	7,240	8,230	990	13.7%
Nondurable goods	320	330	10	330	380	50	3,700	3,900	200	4,350	4,610	260	6.0%
Other	690	800	110	1,030	1,160	130	5,100	6,000	900	6,820	7,960	1,140	16.7%
Trade, transportation, and utilities	5,290	5,720	430	6,310	7,180	870	26,100	30,400	4,300	37,700	43,300	5,600	14.9%
Wholesale trade	390	430	40	560	670	110	5,400	6,600	1,200	6,350	7,700	1,350	21.3%
Retail trade	3,920	4,230	310	4,160	4,690	530	17,900	20,500	2,600	25,980	29,420	3,440	13.2%
Transportation, warehousing	980	1,070	90	1,590	1,810	220	2,800	3,300	500	5,370	6,180	810	15.1%
Information	290	250	-40	300	290	-10	3,300	3,800	500	3,890	4,340	450	11.6%
Financial activities	1,210	1,310	100	1,370	1,560	190	7,300	8,300	1,000	9,880	11,170	1,290	13.1%
Professional and business services	2,430	2,870	440	2,800	3,640	840	14,400	18,400	4,000	19,630	24,910	5,280	26.9%
Educational and health services	2,880	3,430	550	4,510	5,870	1,360	21,900	28,200	6,300	29,290	37,500	8,210	28.0%
Leisure and hospitality	3,270	3,690	420	3,170	3,640	470	13,800	15,900	2,100	20,240	23,230	2,990	14.8%
Other services	720	790	70	1,100	1,280	180	4,900	5,700	800	6,720	7,770	1,050	15.6%
Government	7,430	7,970	540	8,390	8,820	430	30,200	33,300	3,100	46,020	50,090	4,070	8.8%
Federal government	490	450	-40	1,500	1,410	-90	1,900	1,700	-200	3,890	3,560	-330	-8.5%
State government	1,220	1,280	60	1,200	1,270	70	12,200	14,300	2,100	14,620	16,850	2,230	15.3%
Local government	5,730	6,240	510	5,690	6,140	450	16,200	17,300	1,100	27,620	29,680	2,060	7.5%

Source: Oregon Employment Department

Earnings

The decline in manufacturing employment in the study area is a drag on the local economy, due to the relatively high wages paid by the sector. As shown in Table 7, within the study area the average monthly wage across all sectors ranges between \$2,500 and \$3,200. In contrast, average wages in manufacturing ranged between \$3,700 and \$4,200 during the first half of 2013 (latest data available).

Table 7 – Average Monthly Wage by Industry

NAICS	NAICS Description	Coos	Curry	Douglas	Lane	Oregon
11	Agriculture, Forestry, Fishing and Hunting	\$3,676	\$2,993	\$3,231	\$2,945	\$2,585
21	Mining	\$4,271	\$3,329	\$3,681	\$3,755	\$3,856
22	Utilities	\$5,174	\$6,335	\$6,224	\$6,612	\$7,388
23	Construction	\$3,108	\$2,358	\$3,313	\$3,508	\$4,065
31-33	Manufacturing	\$3,727	\$3,909	\$4,056	\$4,227	\$5,218
42	Wholesale Trade	\$3,590	\$2,384	\$3,694	\$4,162	\$5,040
44-45	Retail Trade	\$2,194	\$2,145	\$2,085	\$2,310	\$2,396
48-49	Transportation and Warehousing	\$3,155	\$2,077	\$3,040	\$3,112	\$3,349
51	Information	\$3,456	\$2,268	\$3,454	\$4,832	\$5,474
52	Finance and Insurance	\$4,189	\$3,635	\$4,034	\$5,099	\$5,976
53	Real Estate and Rental and Leasing	\$2,135	\$1,746	\$1,826	\$2,369	\$2,945
54	Professional, Scientific, and Technical Svcs	\$3,729	\$4,001	\$3,379	\$3,802	\$5,350
55	Management of Companies and Enterprises	\$2,457	\$3,329	\$4,214	\$3,976	\$5,810
56	Administrative and Support, Waste Mgmt	\$1,793	\$2,824	\$2,179	\$2,495	\$2,671
61	Educational Services	\$2,758	\$692	\$1,704	\$2,308	\$2,785
62	Health Care and Social Assistance	\$2,640	\$2,306	\$3,391	\$3,862	\$3,949
71	Arts, Entertainment, and Recreation	\$1,944	\$1,405	\$1,540	\$1,351	\$2,046
72	Accommodation and Food Services	\$1,643	\$1,262	\$1,276	\$1,364	\$1,533
81	Other Services (exc Public Administration)	\$1,860	\$1,700	\$1,816	\$2,273	\$2,560
All	All NAICS Sectors	\$2,651	\$2,492	\$2,962	\$3,215	\$3,739

Note: Figures are average of Q1 through Q2 of 2013

Source: Oregon Employment Department

In Coos County, the manufacturing sector pays a higher average wage than all but the mining, utilities, and finance/insurance and professional/scientific/technical services sectors. The education and healthcare sectors account for the largest share of jobs in Coos County, but the average wage in each of these sectors is approximately 70 percent of manufacturing wages. Retail trade is the next largest source of jobs in Coos County, but with average wages that are only 60 percent of manufacturing wages. Recreation and lodging/food service are another important source of jobs in Coos County, but wages in these two sectors average less than half of those for manufacturing.

In Curry County the average monthly wage was \$2,492 in the first half of 2013. The largest employment sectors in the county (education and healthcare, recreation, lodging and food service, and retail trade) all pay average wages that are lower than the county average. The sectors that pay relatively high wages account for fewer workers.

In Douglas County, the average monthly wage of \$2,962 was 12 percent higher than in Coos County and 19 percent higher than in Curry County. The distribution of employment among sectors is similar among the counties, but there are differences in wages. One of the key

similarities is the relatively high numbers of jobs in retail, recreation, and lodging/food services, and the relatively low wages paid by these sectors. One notable exception in Douglas County is the healthcare sector, which pays average monthly wages higher than the county average. Basic industries such as agriculture/forestry/fishing/hunting, mining, utilities, construction, and manufacturing all pay wages higher than the county average.

Monthly wages in Lane County are the highest in the study area, averaging \$3,215 across all sectors. However, even this relatively high wage is low when compared with the statewide monthly average of \$3,739.

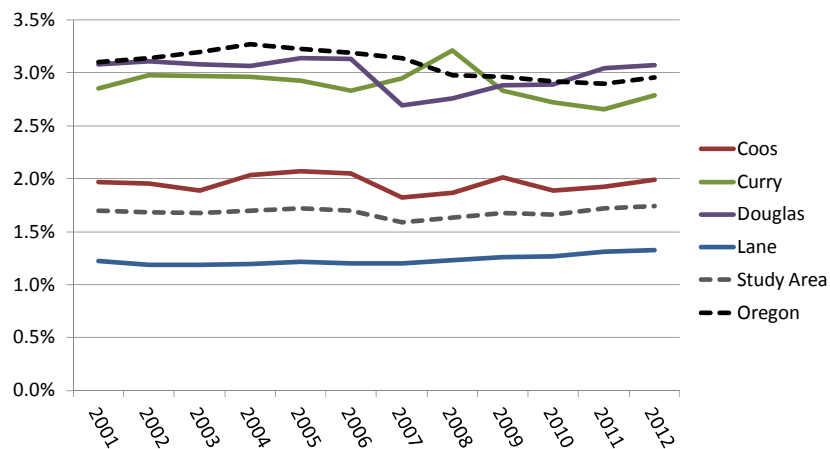
Agriculture

According to the Oregon Employment Department, estimates of agricultural employment are nowhere near as precise as are nonfarm job tallies. Nonfarm employment statistics are ultimately based on a near-exact count of workers from employers' unemployment insurance tax records. In contrast, since only the larger farms and ranches are subject to unemployment insurance law, those same tax records represent just a fraction of Oregon's agriculture industry. Therefore, much more guesswork goes into compiling farm employment estimates, particularly when attempting to capture job counts for smaller operators.

By combining the average agricultural employment with the non-agricultural employment, the share of jobs in each group can be estimated. Based on this type of analysis, agriculture accounted for an average of approximately 1.7 percent of employment in the study area between 2001 and 2012. Statewide, agriculture accounted for an average of 3.1 percent over this same period.

Within the study area, Curry County and Douglas County had the highest share of agriculture jobs, ranging between 2.6 percent and 3.2 percent between 2001 and 2012. In Coos County agriculture accounted for an average of approximately 2.0 percent of all jobs, and in Lane County accounted for approximately 1.7 percent of employment. (See Figure 12)

Figure 12 – Agriculture Share of Total Employment



Source: Oregon Employment Department

Economic Impact of the Port District and the Coos Bay Harbor

The Port District and the Coos Bay Harbor (including the activities of tenants and facility users) is a significant contributor to the economy in Coos County and southwest Oregon. The estimated economic impact of the Port of Coos Bay is as follows¹⁰:

- Total port-related Oregon employment of 2,892 jobs (consisting of 1,305 direct jobs and 1,587 indirect/induced jobs)
- Gross sales of \$396 million (\$224 M direct and \$172 M indirect/induced)
- Oregon GDP of \$160 million (\$67 M direct and \$93 M indirect/induced)
- Labor income of \$108 million (\$55 M direct and \$53 M indirect/induced)
- Annual local and state of Oregon tax revenue/payments of \$14.4 million (\$3.6 M local and \$10.8 M in state tax revenues)
- Annual federal tax revenue/payments by Oregon enterprises and employees of \$22.2 million

The national economic benefits from the Port of Coos Bay extend beyond Oregon's borders. The forest products and seafood that are produced locally are shipped throughout the United States and overseas.

The Port of Coos Bay receives property taxes from residents and businesses within the Port District. Based on a survey by FCS GROUP of annual Port District audits in Oregon, the average ratio of property tax to total operating revenues for Oregon ports was 30.8 percent in 2012. For the Port of Coos Bay the ratio was 38.6 percent in FY 2012, but dropped to 35.8 percent in FY 2013.

The key fiscal metrics for the Port of Coos Bay indicate the following employment and tax benefits:

- For every \$1,000 in property tax collected by the Port, the operations of the Port and its tenants support 1.46 jobs in Coos County and an additional 0.45 jobs elsewhere in Oregon.
- The average level of tax receipts per supported job is \$687.
- Port-related operations generate more local taxes than the Port collects, with \$2.37 in local taxes generated for each \$1.00 in Port property tax.
- For every \$1.00 in property tax collected by the Port, a total of \$7.12 taxes is generated statewide.

¹⁰ Source: Economic Benefits of Oregon Public Ports, December 11, 2013 DRAFT REPORT, by FCS GROUP in association with BergerABAM, BST Associates and the Northwest Economic Research Center.

Market Opportunities

The recently completed CEDS identified the key strengths of the Coos/Curry region, which are ranked as follows:

1. “Quality of Life” attributes: diverse coastal, inland, mountain terrain; moderate climate; recreation and isolation opportunities
2. Diverse, unspoiled tourism product, especially ecotourism and heritage tourism products, fishing, hunting and off-road vehicles.
3. Traditional natural resources industry base: forestry, fisheries, agriculture
4. Well-developed education system through the community college level
5. Potential for timber industry, including secondary and value-added manufacturing
6. Potential for alternative energy production through wave or wind energy
7. Favorable coastal location
8. Community support/partnerships
9. Attractive work/lifestyle
10. Proximity to major national and international markets

Most of these strengths include building on assets and market opportunities that are being pursued by the Port of Coos Bay, which supports existing and emerging industries in the region through the facilities and services it provides.

The CEDS also identified the challenges and barriers to growth as follows:

1. Lack of family wage jobs
2. Lack of funds to finance projects
3. Distance to major metro markets
4. Lack of diversified employment base (beyond natural resource industries)
5. Transportation access limitations
6. Large federal land ownership – the loss of federal timber funding (leaves the counties in jeopardy with a lack of funds to support their programs including their operations and management)
7. Lack of motivated/qualified workforce
8. Lack of diversity in work force (training skills)
9. Declining timber, agriculture and fisheries industry job base
10. Vulnerability to environmental regulations, state and federal

The Port also actively works to promote the transportation options available to shippers from outside the local area, and has made strategic investments in the rail and waterborne navigation facilities needed to generate new business.

The key areas in which Port investments can support existing local industries and to develop new opportunities include:

- The Charleston Marina Complex, which supports the commercial seafood industry and the tourism industry,
- Marine cargo, with emphasis on the areas below the railroad and U.S. 101 bridges, and

- The Coos Bay Rail Link, which provide a key service to local manufacturers, and provides the opportunity to develop new markets.

The following sections review the trends and opportunities for key existing and emerging industries.

Charleston Marina Complex

Current Operations

Charleston is the commercial fishing center for the south coast region, and the Port provides a number of facilities at Charleston that benefit the commercial fleet. The complex also serves the growing regional tourism market, offering charter boat fishing and boat launch facilities, as well as lodging, dining, and retail opportunities. Facilities owned by the Port at the Charleston Marina Complex include:

- Charleston Marina & Launch Ramp
- Charleston Marina RV Park
- Charleston Ice Dock
- Charleston Boatyard
- Commercial space.

The **Charleston Marina & Launch Ramp** was established in 1956 and expanded in 1966. In addition, the breakwater was modified in the early 1980s to better protect the Charleston channel and the docks in the outer basin.

Facilities provided by the Port at the marina include:

- 500+ vessel slips for commercial and recreational moorage
- 6-lane launch ramp (handicap accessible)
- Fuel dock
- Wastewater pump-outs
- Restrooms, showers and laundry facilities
- Storage units and open storage space

The Charleston Marina currently has approximately 285 tenants with annual moorage agreements. This includes 165 commercial vessels (the largest commercial fishing fleet on the south coast) and 120 recreational vessels. The port also sold 180 annual boat launch passes for recreational boats in 2012.

In addition to the annual moorage and boat ramp tenants, the Charleston Marina serves a large number of transient vessels, both commercial and recreational. In 2012 approximately 400 transient vessels moored in the harbor, with stays typically lasting between three and seven days.

The U.S. Coast Guard also operates from property at the marina, and operates vessels from the marina.

The **Charleston Marina RV Park** was first permitted and constructed in 1974 as a 58-unit facility. Various private-sector owners expanded the park; to 83 units in 1977, and then to 104 units in 1979. The Port acquired the park in early February 1984. The Port has made continuing improvements to the park, adding an office and recreation room, which replaced a mobile home. Upgrading sites and improving the restrooms, laundry facilities and the crab cooking area, and adding propane and waste pump out services. Facilities at the RV Park include:

- 100 full-service sites, with electricity, water, sewer, satellite TV and Wi-Fi
- Three family-size Yurts
- Restrooms, showers, laundry facilities and crab-cooking facility
- RV sanitation station
- Propane

The **Charleston Ice Dock** is a commercial ice facility built in 1978 by a private owner as an ice source for the commercial fishing industry. In early 2007, the Port took over the building and invested in repairs, then leased the operation back to the former owner. The Port took over the operation in 2010 and invested more than \$750,000 in ice making equipment and facility renovations. The facility now can produce 52 tons of ice in 24 hours, and delivers high-quality flake ice to commercial fishermen and other buyers during regular business hours and by appointment 24-hours per day, 7-days per week.

The **Charleston Boatyard** originally started out as Hanson's Landing, a vessel repair and marine salvage operation that primarily served the commercial fishing boats home-ported at the Charleston Marina and other boats operating out of southern Oregon coasts ports. The Port acquired the facility in 1986, and immediately began a major clean-up. The Charleston Boatyard provides upland storage of fishing vessels and equipment, and has separate areas for long-term vessel storage and for utility-served sites where vessel owners and/or operators can work on their vessels. The Boatyard is certified with a Clean Shipyard designation from the Oregon State Marine Board. While the Boatyard serves primarily commercial fishing boat owners and operators, there are a significant number of recreational boat owners now using the boatyard. Facilities at the Boatyard include:

- Marine ways for vessels to 200 tons and 100 feet
- Travel lift for vessels to 40 tons and 55 feet
- Mobile crane and forklift service available
- Power wash facility for hull cleaning

In addition to the do-it-yourself work area, the Port has three commercial tenants who provide services to vessels owners:

- Giddings Boat Works, Inc.
- Skallerud Marine Services
- Tarheel Aluminum & Stainless Steel Fabrication

Commercial fishing operations at the Charleston Marina generate a significant number of direct jobs. Recent work by the Oregon Employment Department estimated that direct vessel crew employment in Charleston was 243 in 2010 and 277 in 2011 (most recent year available). The number of crew members per vessel typically ranges between one and five.

An even greater number of jobs in the region are provided by the fish processing industry, which receives a large part of its inputs from the Charleston-based fleet. According to a survey recently conducted by the Port of Coos Bay, the top three wholesale fish processors in Charleston employ approximately 450 workers during peak seasons and 380 workers during the off-peak season. In addition, commercial shellfish farming/processing is estimated to employ approximately 100 people.

Other sources of fishing-related jobs include wholesale trade, retail trade, and restaurants. According to a recent Port analysis, the local seafood industry includes:

- Six retail fish markets (five seafood, one shellfish),
- Six seafood restaurants,
- A limited number of smaller fish buyers,
- Three shellfish wholesale/retail processing facilities in Charleston, and
- Two employees in commercial wild shellfish harvest
- Charter boat businesses

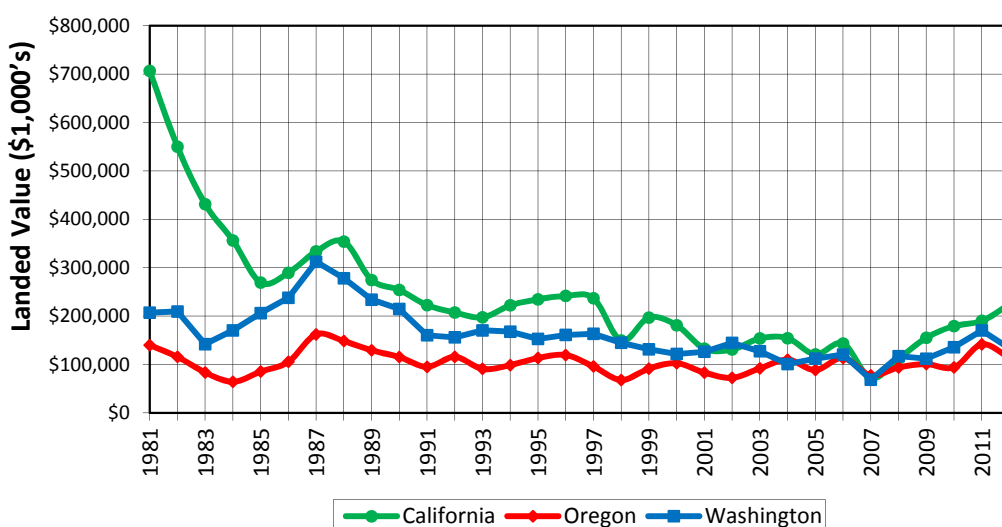
Market Opportunities

Commercial Fishing

Over the long term (i.e. 1981 through 2012), the commercial fish harvest in Oregon has fared much better than either California or Washington. After varying over a wide range during the 1980's, the harvest value in Oregon settled around \$100 million per year, and has fluctuated around that level for more than 20 years.

The inflation-adjusted value of fish commercially harvested on the West Coast declined sharply during the 1980's, especially in California. This decline continued at a slower rate through the 1990's, but these values leveled off during the 2000's, and have even grown in recent years. (See Figure 13)

Figure 13 – Value of West Coast Fish Landings, Inflation Adjusted



Source: Pacific Coast Fisheries Information Network (PacFIN) database

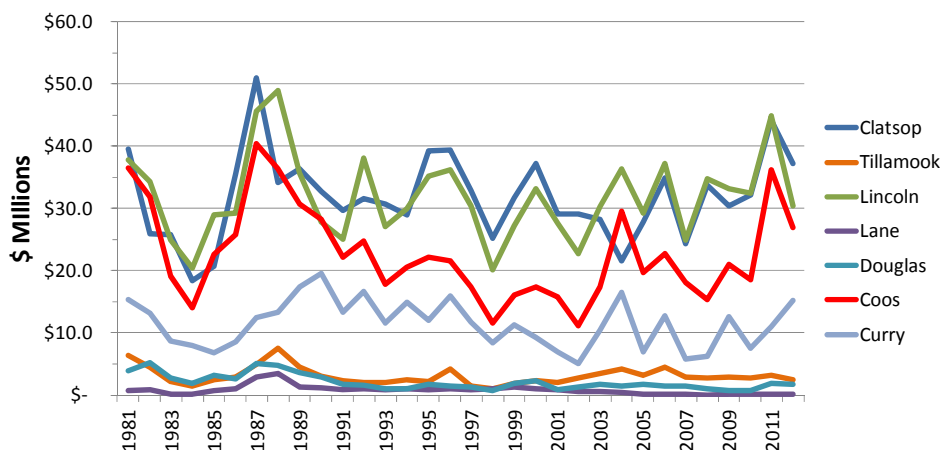
In Oregon, three of the eight coastal counties account for most of commercial fish harvest. On the north coast these include Clatsop and Lincoln Counties, and on the south coast this includes Coos County. (See Figure 14)

The inflation-adjusted value of commercial fish landings in each of these counties has trended upward in recent years, and this is especially true in Coos County. In both 1998 and 2002 the commercial harvest landed in Coos County was valued at less than \$12 million, when adjusted for inflation (to 2012 dollars). In the 10 years following 2002 the harvest value saw a strong upward trend, reaching as high as \$36 million in 2011, and falling below \$17 million just once (in 2008).

In Curry County, the value of commercial fish landings has averaged approximately \$10 million per year since the late 1990's (adjusted to 2012 dollars). The harvest in Curry County tends to be high one year and low the next, fluctuating as high as \$16 million and as low as \$6 million, but the long-term trend is relatively flat.

The other two counties in the study area, Lane County and Douglas County, have relatively limited commercial landings. In Lane County, the value of commercial fish landings has not exceeded \$1 million (in 2012 dollars) since 1999, and in most years since then has been less than \$0.5 million. In Douglas County the value of commercial fish landings has typically varied between \$1 million and \$2 million over the past two decades.

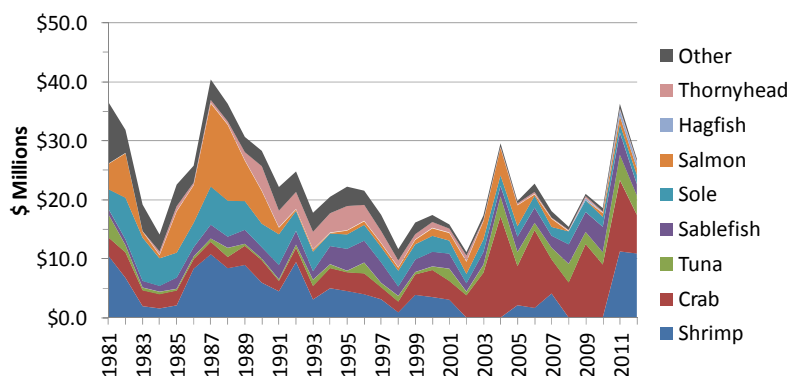
Figure 14 – Value of Landings by County (2012 dollars)



Source: Pacific Coast Fisheries Information Network (PacFIN) database

Most of the commercial fish harvest in Coos County consists of relatively high-value species groups, including crab, shrimp, and tuna. Crab has seen especially strong growth in recent years. The value of shrimp increased sharply over the last two years reported (2011 and 2012), when compared to previous years. (See Figure 15)

Figure 15 – Value of Landings by Species Group, Coos County (in 2012 dollars)



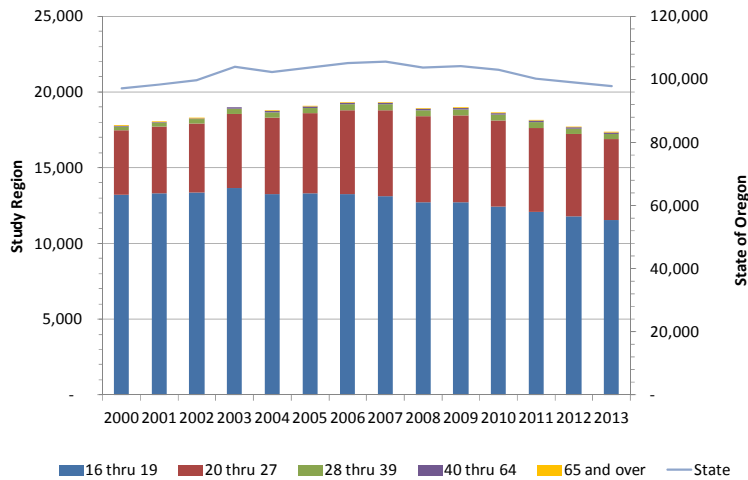
Source: Pacific Coast Fisheries Information Network (PacFIN) database

The commercial fishing industry in the Coos Bay region is an important source of jobs, and the industry has been relatively steady over an extended period. Continued investment by the Port in the Charleston Marina Complex will help to maintain this key industry.

Oregon Recreational Boat Trends

As shown in Figure 16, the recreational fleet in the study area (registered boats over 15 feet long) peaked in 2007 and has fallen slightly since. The study area experienced a 10 percent decline in the number of registered boats (over 15 feet long), which is slightly higher than the statewide decline of 7 percent.

Figure 16 – Registered Recreational Boats in Coos County and Study Region



Source: Oregon State Marine Board

Much of the decline in the recreational boat fleet is in the smaller boat ranges, which represents a larger share of the recreational boat fleet. There are a variety of explanations for these trends:

- The recession negatively impacted boat registrations as owners sought to decrease their discretionary expenditures,
- Demographic changes are occurring with declining boating participation rates in younger age groups,
- Some of this decline may also be due to the owner’s decision not to register their boats.

Tourism

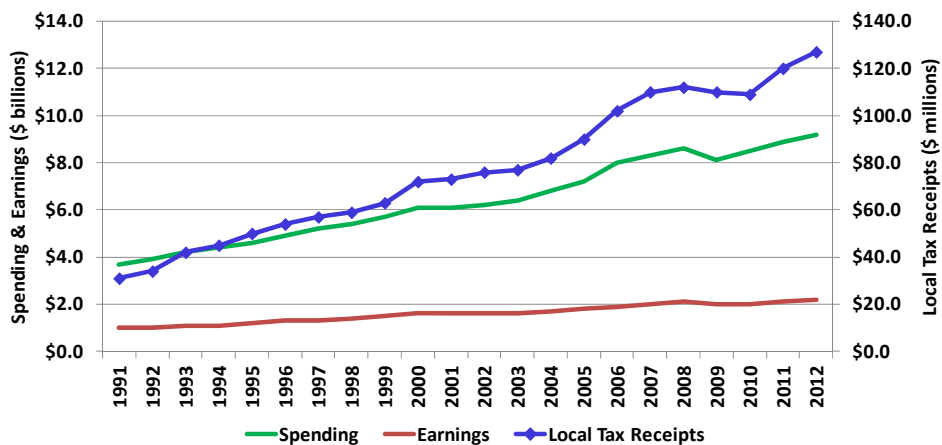
Tourism is a key industry on the Oregon Coast, and the Port of Coos Bay provides a number of facilities that cater to this sector. In addition, the Port collaborates with other local organizations involved in the tourism industry, including the Oregon Coast Visitors Association and the South Coast Development Corporation (SCDC).

As noted in recent work by the SCDC, retaining and growing existing business is as important to the region as attracting new firms. One of the three sectors identified for emphasis is visitor driven entities – tourism and hospitality type industries that are focused on providing services to people who are transiting to the area (such as RV Parks, golf courses, Oregon Dunes National Recreation Area and supportive businesses). The Port’s Charleston Marina supports the visitor industry by providing infrastructure for a variety of tourism-related activities, including charter fishing, recreational boating/fishing, RV Park, restaurants, and seafood markets, among others.

Oregon Tourism Trends

According to the most recent tourism industry analysis prepared for the Oregon Tourism Commission Salem by Dean Runyan Associates¹¹, spending by visitors to Oregon increased from \$3.4 billion in 1991 to an estimated \$9.2 billion in 2012. This represents annual average growth of 4.5 percent. Earnings of workers in visitor industries grew from \$0.9 billion to \$2.2 billion during the same period, with growth averaging 4.1 percent per year. (See Figure 17)

Figure 17 – Oregon Visitor Impacts



Source: Dean Runyan Associates

The local tax impact of visitor spending is an important benefit of the tourism industry, and in Oregon local tax receipts saw strong growth between 1991 and 2012. According to Dean Runyan Associates, local tax receipts from visitor spending grew from \$31 million in 1991 to \$127 million in 2012, representing annual growth of 6.9 percent.

Coos County Tourism Trends

Growth in visitor spending in Coos County was slightly slower than that of the state as a whole between 1991 and 2012, but was still quite strong. Starting from a total of \$95.8 million in 1991, visitor spending grew to \$232.1 million in 2008, for an average annual rate of 5.3 percent. In comparison, statewide visitor spending grew at 5.1 percent during the same period. Visitor spending in Coos County dropped more than 17 percent in 2009; since then it has climbed again, nearly reaching the pre-recession level in 2012. Statewide visitor spending dropped less than six percent in 2009, and has since climbed past the pre-recession level. (See Figure 18)

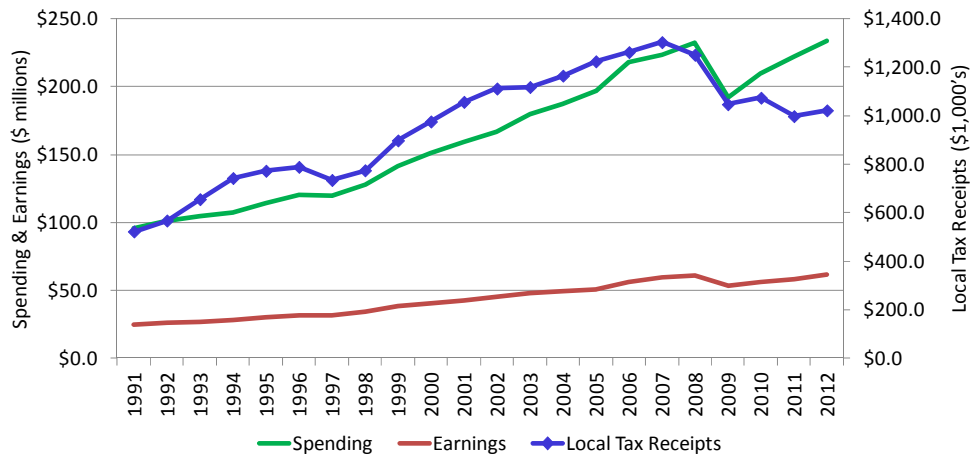
As visitor-related spending dropped in Coos County, earnings of workers in related industries also dropped sharply, but since 2009 the recovery in earnings has mirrored the recovery in spending. Over the long run (i.e. 1991 through 2012) average earnings per worker increased faster in Coos County than in Oregon. In 1991, earnings for visitor-related workers averaged approximately \$9,800, equal to 68.8 percent of the statewide average of \$14,200. In 2012, Coos County visitor-related earnings of \$20,200 were equal to 83.8 percent of the stateside average of \$24,100.

Local tax receipts from visitor spending in Coos County grew at a very strong rate between 1991 and 2008, with growth averaging 5.3 percent per year. As the recession started in 2009, however, local tax receipts began to fall, and in 2009 both local tax receipts and visitor spending

¹¹ *Oregon Travel Impacts 1991-2012p*, Dean Runyan Associates, April 2013

saw major declines. Visitor spending has since recovered, but local tax receipts have remained substantially lower than in past years.

Figure 18 – Coos County Visitor Impacts



Source: Dean Runyan Associates

Food and beverage services accounts for the largest share of visitor spending in Coos County. The amount spent on food and beverage services grew from \$19.9 million in 1991 to \$60.2 million in 2012, accounting for more than 27 percent of visitor spending. (See Table 8)

Lodging accounts for more than 20 percent of visitor spending in Coos County. From 1991 through 2012, the amount spent on lodging (accommodation) grew from \$13.7 million to \$45.0 million.

Visitor-related retail sales grew from \$15.3 million in 1991 to \$26.5 million in 2012, although retail sales accounted for a decreasing share of overall visitor spending.

Visitor spending on arts, entertainment, and recreation jumped from \$9.6 million in 1991 to \$35.2 million in 2012, and accounted for a growing share of total visitor spending.

Table 8 – Visitor Spending Detail, Coos County

Sector	Spending (\$ millions)			Share of Total		
	1991	2003	2012	1991	2003	2012
Accommodations	\$13.7	\$24.2	\$45.0	18.9%	16.3%	20.7%
Food & Beverage Services	\$19.9	\$39.8	\$60.2	27.4%	26.9%	27.6%
Food Stores	\$8.0	\$14.2	\$21.8	11.0%	9.6%	10.0%
Ground Tran. & Motor Fuel	\$6.0	\$9.8	\$29.2	8.3%	6.6%	13.4%
Arts, Entertainment & Recreation	\$9.6	\$34.8	\$35.2	13.2%	23.5%	16.2%
Retail Sales	\$15.3	\$25.3	\$26.5	21.1%	17.1%	12.2%
Spending at Destination	\$72.5	\$148.1	\$217.9	100.0%	100.0%	100.0%

Source: Dean Runyan Associates

Tourism is a growth industry in the South Coast region, and fishing is one of the key draws. Based in part on the results of a study by the Oregon Department of Fish and Wildlife Study, the Coos Bay - North Bend Visitor & Convention Bureau has recently expanded its promotion of fishing.

As part of its current goals the Visitor & Convention Bureau has also prioritized selected growth markets, including RV travel, and heritage (cultural attractions/waterfronts). The Port's investments in the Charleston Marina RV Park help to reach the first goal. The Charleston Marine Life Center, operated by the University of Oregon, is a new public museum and aquarium located adjacent to the Charleston Marina that is scheduled to open in 2015. This facility increases the opportunities for visitors at the Charleston Marina Complex.

Marine Cargo

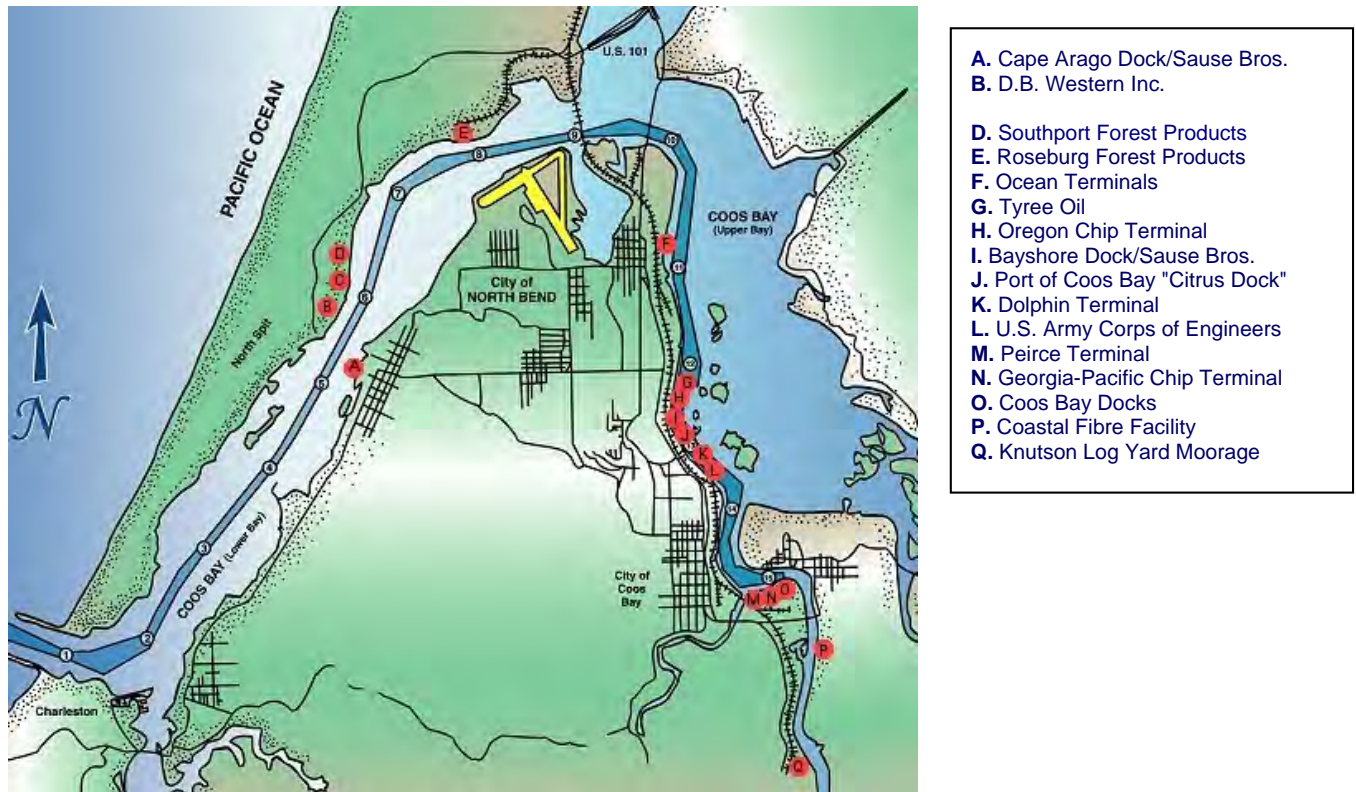
As noted previously, the Coos Bay harbor has been critical to the development of the region, serving as the loading point for the logs, lumber, and woodchips produced by the area's mills. At one time Coos Bay was advertised as the world's largest lumber shipping port, and although the forest products industry has shrunk, it is still a major source of jobs in the region. The Port is actively working with potential tenants to attract new types of marine cargo to the harbor, including liquefied natural gas and general cargo, among others.

Current Operations

The Port is the non-federal sponsor for navigation system maintenance and improvements. This navigation system includes the jetties at the mouth of Coos Bay, the channel leading to the Charleston Marina, and the deep-draft channel that provides access to the upper portions of Coos Bay, approximately 15 miles from the bay entrance. The depth of the channel at the entrance is -47 feet mean lower low water (MLLW). Channel depth is maintained at -37 feet MLLW for the length of the 15.2 mile channel. The channel is approximately 1,150 feet wide at the entrance mark, reducing to approximately 700 feet at Channel Mile 0; then reducing through the entrance jetties to Channel Mile 1.0. From that point to the railroad bridge at Channel Mile 9.2 the authorized width is 300 feet, and from Channel Mile 9.2 through Channel Mile 15.0 the width is 400 feet. Turning basins are located at Mile 12.2 and Mile 14.6.

As illustrated in Figure 19, marine terminals and docks are located along the length of the federal navigation channel, beginning with the Cape Arago Dock near river mile 5 and extending to multiple terminals/docks at river mile 15. The majority of these handle forest products.

The proposed channel improvement project would modify the current navigation channel from the ocean entrance to approximately river mile 8. The modification would include deepening the channel from its current depth of 37 feet MLLW to a new depth of 45 feet MLLW, widening the channel from 300 feet up to 450 feet, and modifying the north entrance jetty.

Figure 19 – Map of Terminals and Docks

Source: Oregon International Port of Coos Bay

Some of the marine terminals on the Coos Bay Navigation Channel are also located on rail lines served by the Coos Bay Rail Link.

Market Opportunities

The Port has actively pursued a number of opportunities to attract new marine cargoes to the region. Several potential tenants have approached the Port with proposals, and the Port has engaged in several planning and permitting efforts to develop the necessary infrastructure. This infrastructure includes a deeper and wider navigation channel, new marine terminals, and upgraded rail facilities, among others.

The following section provides forecasts of waterborne cargo for the next five years. The trends for growth opportunities are expected to last through a longer term, but should be re-evaluated in five years.

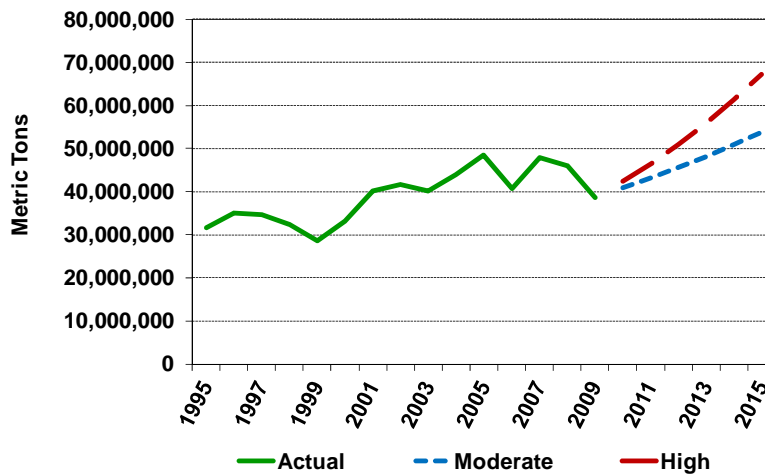
Dry Bulk Cargo

Dry bulk cargoes include a wide variety of products, such as woodchips, petroleum coke, potash, soda ash, gypsum, limestone, metal ores, and others. In addition, there is strong interest in coal, potash and ore exports. Dry bulk volumes were estimated using on growth rates from a recent forecast¹² and reported cargo volumes through 2012. Under this forecast, between 2013 and 2018 dry bulk cargoes are projected to grow by an average of 5.7 percent per year under the moderate growth forecast and 9.7 percent per year under the high forecast. (See Figure 20)

¹² BST Associates, *Pacific Northwest Marine Cargo Forecast Update and Rail Capacity Assessment*, December 2011

These growth forecasts assume that some portion of the dry bulk terminals currently in the planning or permitting stages are constructed and put into operation. This includes new terminals for coal and potash, as well as growth in grain, and oilseed, and possibly ores.

Figure 20 – Pacific Northwest Dry Bulk Cargo Trends and Forecast



Source: BST Associates

Planned improvements to the navigation channel and upgrades to rail infrastructure have generated interest from shippers of dry bulk commodities. While the current navigation channel is adequate for some dry bulk cargoes, the average vessel used for transporting dry bulks has been increasing in size, and competing ports in the Columbia River and Puget Sound are more capable than the Port of Coos Bay of accommodating these larger vessels. Deepening and widening the channel will increase the competitiveness of the Port.

Rail improvements are also critical for dry bulk cargoes, since most of the dry bulks exported through West Coast ports are transported by rail from inland origins. Competing for these cargoes will require rail infrastructure comparable to that at other ports.

Liquid Bulk Cargo

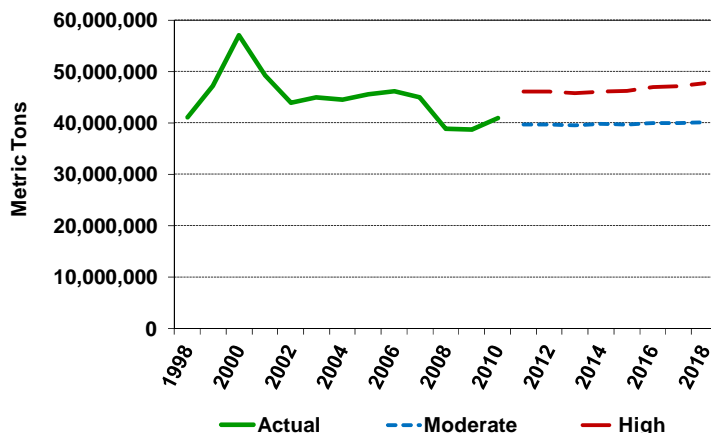
Liquid bulk cargoes handled in the Pacific Northwest include crude oil, petroleum products, tallow, ethanol, and others. Historically, crude oil shipped from Alaska to refineries on Puget Sound has accounted for the largest share of this volume. However, declining output from Alaska has reduced waterborne moves of liquid bulks in the region.

Projections of future volumes of waterborne liquid bulks largely depend on what sources are used to replace the declining Alaskan crude oil. Under the moderate forecast an increasing share of the crude oil used by refineries in the region will move by pipeline or rail from the U.S. and Canada, while under the high forecast an increasing share of the crude oil will be imported by water from foreign sources.

In addition, new opportunities for liquid bulk cargo are also under consideration, most notably liquefied natural gas (LNG). These are also included in the high forecast scenario.

Under the moderate growth forecast, between 2013 and 2018 liquid bulk cargoes are projected to remain essentially unchanged. Under the high forecast they are projected to grow by an average of 1.8 percent per year. (See Figure 21)

Figure 21 – Pacific Northwest Liquid Bulk Cargo Trends and Forecast



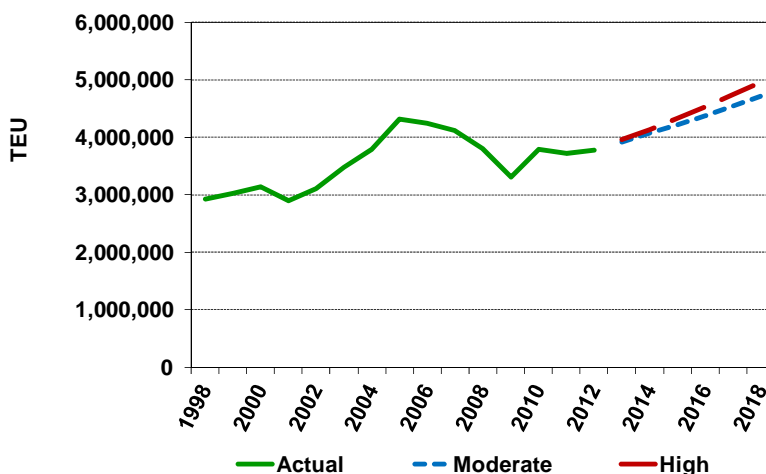
Source: BST Associates

Liquefied natural gas represents a strong market opportunity for the Port of Coos Bay. The proposed deepening and widening of the channel will increase the current accessibility of larger LNG tankers to enter the harbor and the Port should continue to lead the project for these channel improvements.

Containers

The container market in the U.S. Pacific Northwest saw a significant downturn between 2005 and 2009. Although part of this decline was related to the impact of the recession, increased competition from Canada, California, and East/Gulf Coast ports also contributed to the reduced container volumes. As illustrated in Figure 22, from 2005 through 2009 the combined container volume moving through Seattle, Tacoma, and Portland declined by 23 percent.

Figure 22 – Pacific Northwest Container Trends and Forecast



Source: BST Associates

A recovery in container volume started in 2010, but growth was essentially flat from 2010 through 2012. Through 2018, container volumes are projected to grow by an average of 3.7 percent per year under the moderate forecast and 4.6 percent per under the high forecast.

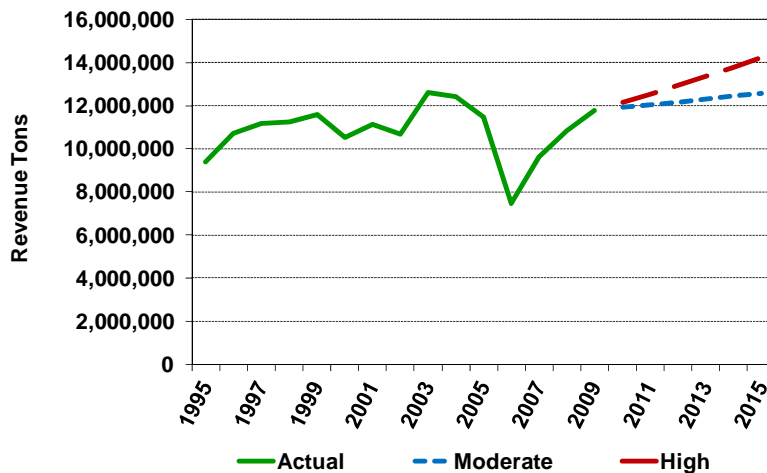
In the near term (i.e. five years), containers do not represent a strong market opportunity for the Port of Coos Bay. In the longer run, planned improvements to the navigation channel and upgrades to the rail infrastructure may increase interest from container carriers.

General Cargo and Vehicles

General cargo includes cargo that is not containerized and not moved in bulk form. It includes logs, bagged and baled commodities, newsprint, yachts, locomotives, and other types of cargo. Vehicles include passenger automobile, small trucks, commercial trucks, and other types of equipment.

Projections of general cargo and vehicle volumes were completed using the same methodology as the dry bulk projections. The resulting forecast shows volume grow by an average of 1.1 percent per year under the moderate forecast and 3.2 percent per under the high forecast. (See Figure 23)

Figure 23 – Pacific Northwest General Cargo and Vehicles Trends and Forecast



Source: BST Associates

The Port of Coos Bay currently has projects in the planning process that, when completed, will increase the ability of the Port to compete for general cargo. These include the proposed navigation channel improvements and a potential general cargo multi-modal marine terminal. In addition, continued investment in rail infrastructure should enhance the ability of the Port to attract additional cargo.

Two breakbulk market opportunities that are discussed in greater detail below include forest products and wind power. Forest products includes logs (which move in breakbulk form), wood chips (move in dry bulk form), lumber (breakbulk or containerized), and others. Because of the importance of the forest products industry to the local economy, a primary focus of the Port is to provide the infrastructure needed for the local industry to remain competitive.

Wind power is a more speculative market, but one that has seen growing interest. As discussed below, the Port of Coos Bay has a number of attributes that make it an attractive location for the emerging offshore wind power market.

Forest Products

The forest products industry has always played a critical role in the economy of Southwest Oregon, and the Port supports this key sector in a number of ways. Infrastructure provided by the forest products industry includes cargo docks for waterborne shipments and the Coos Bay Rail

Link - CBR for rail shipments. In addition, the Port is the non-federal sponsor for maintenance of the navigation channel that links marine cargo facilities on the Coos Bay harbor to the Pacific Ocean. These facilities are critical to an industry that has struggled in recent years.

According to a recent report from the Oregon Employment Department (OED)¹³, “the Great Recession wreaked havoc on Southwestern Oregon's wood product manufacturing sector. Plunging construction activity and housing starts reverberated through factories and plants producing lumber and wood products throughout much of the country and of course in this region of Oregon.” The industry had been losing employment prior to the recession, but between 2008 and 2009 the number of jobs fell by more than 18 percent. Between 2001 and 2010, employment in the forest products sector in Southwest Oregon dropped by a total of nearly 36 percent. (See Table 9)

Despite the loss of jobs in recent years, the OED analysis provides reason for optimism; employment in the forest products industry appears to have bottomed out and has begun to rebound.

This report covers six counties in Southwest Oregon, including three of the four in the study area (Coos, Curry, and Douglas), and three others (Jackson, Josephine, and Klamath). Of the four counties in the study area, only Lane is not included in the OED analysis.

Table 9 – Wood Products Manufacturing Employment Growth from Recession Low

County	Recession Low		August 2013 Employment	Net Gain	Percent Growth
	Employment	Date			
Coos County	620	Dec.2010	810	190	30.6%
Curry County	350	Apr.2012	400	50	14.3%
Douglas County	<u>2,570</u>	Dec.2011	<u>3,060</u>	<u>490</u>	<u>19.1%</u>
Sub-total	<u>3,540</u>		<u>4,270</u>	<u>730</u>	<u>20.6%</u>
Jackson County*	1,400	Dec.2010	1,780	380	27.1%
Klamath County	900	Oct.2008	1,130	230	25.6%
Josephine County	<u>380</u>	Dec.2009	<u>460</u>	<u>80</u>	<u>21.1%</u>
Sub-total	<u>2,680</u>		<u>3,370</u>	<u>690</u>	<u>25.7%</u>
Southwestern Oregon Region	6,220		7,640	1,420	22.8%

* Jackson County data as of March 2013. ` Data from quarterly payroll figures.

Source: Oregon Employment Department

For the three counties in the study area, employment in wood products manufacturing bottomed out between December 2010 and April 2012, with a combined total of 3,540 jobs. By August of 2013, the wood products manufacturing had added a total of 730 jobs in these three counties, representing an increase of more than 20 percent. For the six-county region analyzed, wood product jobs grew by nearly 23 percent, climbing from a combined low of 6,220 to 7,640.

In the study area, Coos County saw the largest percentage growth, with the net gain of 190 jobs representing an increase of more than 30 percent. Douglas County added the most jobs, with a net

¹³ Oregon Employment Department, *Southwestern Oregon's Resurgent Wood Products Manufacturing Industry*, October 2013

gain of 490. Curry County saw a net gain of just 50 jobs, or 14.3 percent. However, Curry County was also the latest to reach bottom, in December 2012, which was only eight months earlier.

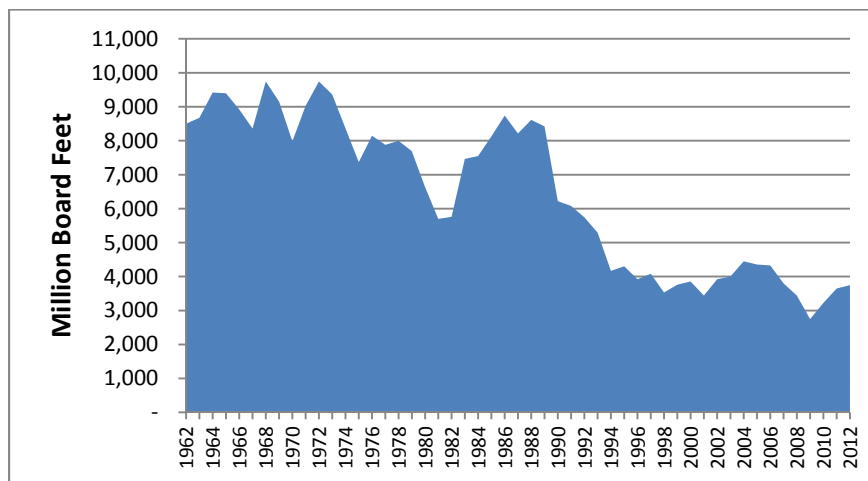
A recent report,¹⁴ prepared by the Oregon Forest Resources Institute, provides an estimate of the importance of the forest products industry to the tri-county region as a percent of total employment:

- Douglas County: 21 percent of total employment in the county comes from the forest products industry,
- Coos County: 15 percent of total employment in the county, and
- Lane County: 12 percent of total employment in the county.

Timber harvest levels in Oregon have cycled up and down over the past five decades, but the overall trend has been one of sharp decline. However, this decline appears to have slowed in recent years.

As illustrated in Figure 24, during most of the 1960s and early 1970s, annual statewide timber harvest fluctuated between 8.0 billion and a peak of 9.7 billion board feet in 1972. Over the following decade, timber harvest declined by 40 percent, dropping to 5.5 billion board feet in 1981 and 1982 during the height of the early 1980’s recession.

Figure 24 – Oregon Timber Harvest Trends



Source: Oregon Department of Forestry

As the economy recovered from that recession, timber harvest also recovered but not to the levels seen previously. From 1985 through 1989 the annual timber harvest in Oregon ranged between 8.1 billion board feet and 8.7 billion board feet.

With the start of another recession in 1990 the timber harvest once again dropped sharply, but this time there was little recovery in harvest volumes as the economy recovered. After reaching 8.6 billion board feet in 1988 and 8.4 billion board feet in 1989, harvest levels dropped sharply in five consecutive years, reaching 4.2 billion board feet in 1993. The rate of decline in timber harvest slowed but did not stop after 1993, and in 2001 it reached a new low of less than 3.5 billion board feet. This represents a decline of nearly 64 percent from the 1972 peak harvest.

¹⁴ Source: Poised to Rebound, 2012 Forest Report, An Economic Snapshot of Oregon’s Forest Sector, prepared by the Oregon Forest Resources Institute, page 4.

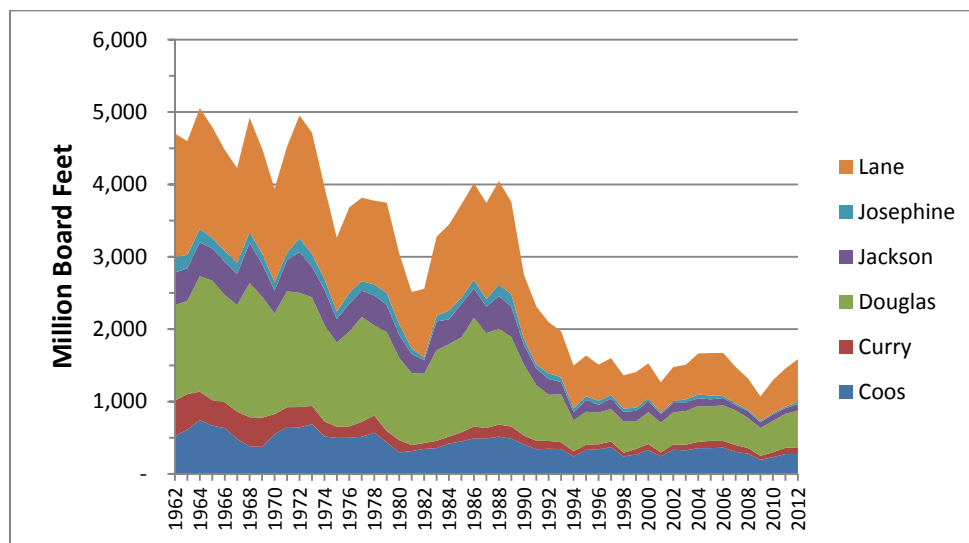
Harvest volumes rebounded somewhat between 2001 and 2006, reaching a peak of only 4.4 billion board feet. The current recession sent harvest levels lower once again, however, reaching a new low or less than 2.8 billion board feet in 2009. In 2012, the most recent year for which data was available, harvest was more than 3.7 billion board feet.

The Port of Coos Bay serves the timber industry throughout Southwest Oregon. This region includes the four counties in the study area, in addition to Josephine County and Jackson County. This region has historically accounted for a large share of the statewide timber harvest: from 1962 through 2012 this region’s share of statewide harvest ranged between 36 percent and 55 percent, and averaged 44 percent. From 2000 through 2012, however, Southwest Oregon’s share of statewide harvest dropped to an average of 39 percent, and ranged between 37 percent and 42 percent.

The four-county study area accounted for the majority of the regional harvest, with most occurring in Lane and Douglas Counties.

Because Southwest Oregon accounts for such a large share of statewide timber harvest, the trends in harvest volumes for the region closely match those of the state, and illustrated in Figure 25.

Figure 25 – Southwest Oregon Timber Harvest Trends



Source: Oregon Department of Forestry

In the study area, between 1962 and 1973 the annual timber harvest averaged 4.0 billion board feet, fluctuating between 3.5 billion and 4.4 billion board feet. Combined, Coos County and Curry County accounted for approximately 25 percent of the study area harvest.

Following the drop in timber harvest related to the early 1980’s recession, harvest volume in the study area recovered to highs of 3.5 billion board feet in 1986 and 3.4 billion board feet in 1988. After falling again during the early 1990’s recession, the volume of timber harvested in the study area has not recovered to earlier levels, but has also not trended lower. Between 2000 and 2012 the volume of timber harvested in the study area averaged 1.3 billion board feet per year, and ranged between 1.0 billion and 1.5 billion board feet.

The investments made by the Port of Coos Bay in the Coos Bay rail line, the channel modification project for the federal navigation channel, and other facilities are critical in the efforts to maintain this key industry.

Wind Energy

Growing interest in offshore wind-powered generation of electricity, combined with the proximity of the Coos Bay harbor to prime areas for locating wind power facilities, make this a potential market for the Port. A successful demonstration of the feasibility of floating wind turbine technology could potentially lead to more demand.

The Coos Bay harbor has a number of attributes that make it a desirable site for this type of operation. First, as the map in Figure 35 (following page) illustrates, Coos Bay is located near the largest potential offshore wind generation area rated as “Prime” by the U.S. Department of Energy. This area stretches from offshore near Coos Bay south to the mid northern California coast.

Access to rail transport will likely be necessary for moving large components to the coast for assembly and launching. Along the stretch of coastline adjacent to the prime wind power area, the Port of Coos Bay is one of the few harbors with rail access.

The navigation channel serving Coos Bay is another key factor. In addition to being one of the deepest harbors near the wind power area, the channel has no height restrictions between the entrance buoy and the railroad bridge at Mile 9. The assembled wind turbines are very tall, and require high vertical clearance from bridges, power lines, and other obstructions, none of which exists below the railroad bridge

In December of 2012, the U.S. Department of Energy announced that Principle Power had received a grant for design of its WindFloat Pacific Demonstration Project. The Port of Coos Bay could be home to a launch site and staging area for the floating platform that support the wind turbines. The demonstration plan calls for deploying five floating platforms that support 6-megawatt wind turbines. The project will be sited in deep water 10 to 15 miles offshore near Coos Bay.

Figure 26 – Floating Wind Turbine



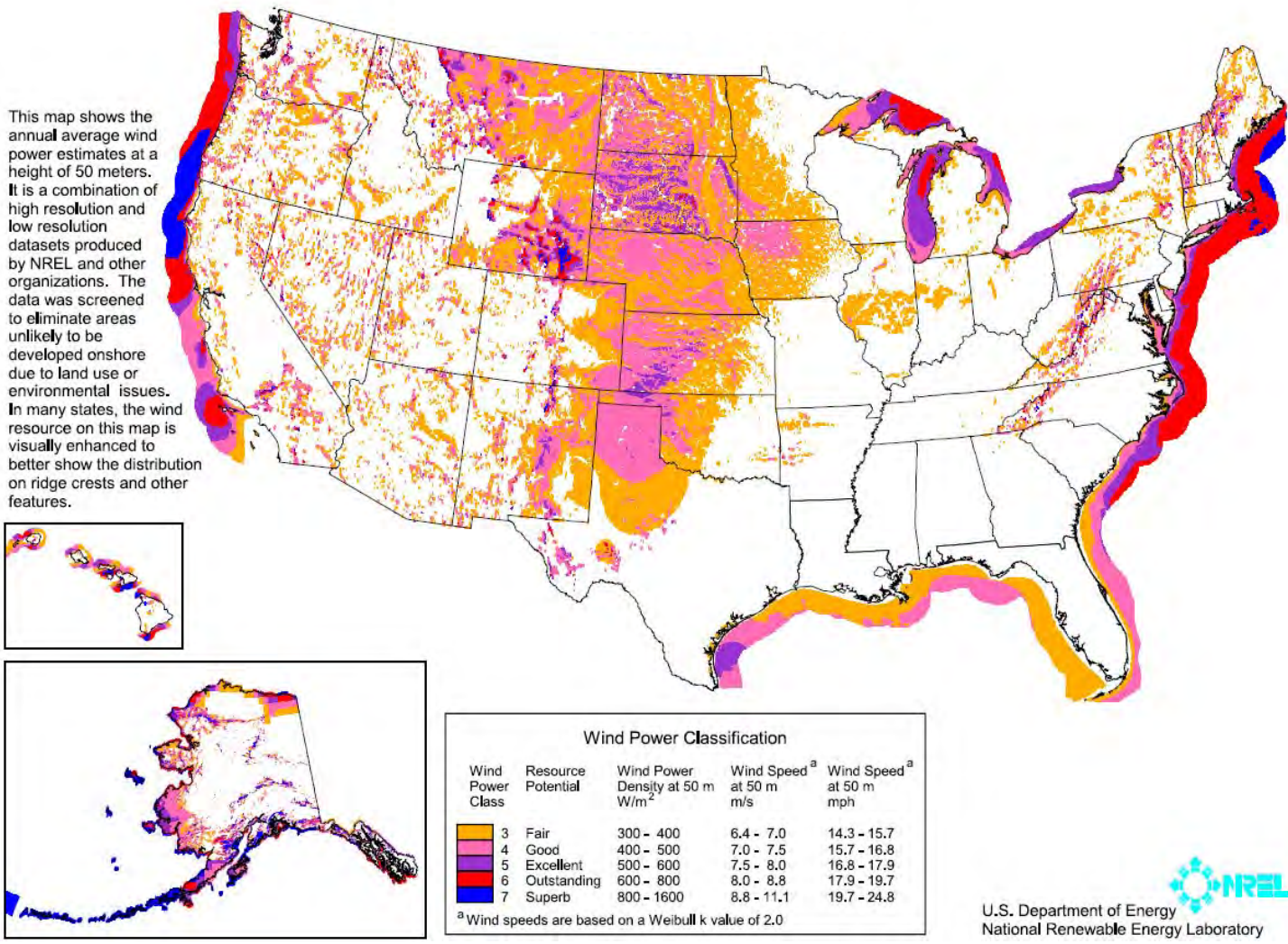
Source: Principle Power

Figure 27 – Floating Wind Turbine



Source: Póvoa de Varzim

Figure 28 – U.S Wind Turbine



Rail Cargo

Coos Bay Rail Line History

One of the major infrastructure investments made by the Port of Coos Bay in support of the regional forest products industry is the purchase and rehabilitation of the rail line linking Coquille with the mainline rail system at Eugene. (See Figure 29) In 2007, following decades of neglect and underinvestment, the owners of the rail line stopped rail service to Coos Bay, citing safety issues with failing tunnels. After consultations with local, state and federal officials and the shippers impacted by the shutdown, the Port led the effort to secure the Coos Bay line and then acquire funds to repair the rail infrastructure.

Figure 29 – Map of the Coos Bay Rail Link-CBR



The Port owns the Coos Bay rail line, an approximate 134-mile rail corridor from Danebo Junction (in west Eugene) to end of track at Coquille (Photo 38). The Port applied to the Association of American Railroads (AAR) in 2010 for a railroad Reporting Mark, and retains the rights to the railroad name; Coos Bay Rail Link, and the Reporting Mark, CBR. Freight rail service on the rail line is provided through a revenue-sharing management agreement between the Port and an experienced, professional short line railroad operating company.

Portions of the rail line in Coos County date back to 1891-1893, while the western Douglas and western Lane Counties segments of the line were built in the period 1910-1916. The former owner/operator of the Coos Bay line discontinued service in September 2007 due to deferred maintenance issues, primarily in tunnels and major bridges. The Port purchased the line from west Eugene to the north end of the Coos Bay swing-span bridge (111 miles) in 2009 from Central Oregon & Pacific (CORP) Railroad/RailAmerica Inc. through an order from the U.S. Surface

Transportation Board. The Port had previously acquired the Coos Bay swing-span bridge in 2001 from the Union Pacific (UP) Railroad as part of a rehabilitation project. The Port then acquired the line from the swing-span bridge to Coquille (23 miles) from UP in 2010. Following acquisition of the rail corridor, the Port began rehabilitation of various tunnels and bridges and performed major track structure improvements. In 2011, rail service was restored to 111-miles of the line from the North Spit to Eugene, and in 2013, the Port restored service to the entire 134-mile line. The Coos Bay line consists of nine tunnels, three swing span bridges, more than 150 water crossings and more than 40 at-grade and signalized crossings, both public and private. The rail corridor is typically 100 to 150 feet wide and varies from 75 feet wide up to 200 feet wide.

Since 2009, the Port has secured \$41.7 million in federal and state grants for improvements and repairs to the rail line. From 2011 to 2013, multiple assessments and inspections were completed and repairs totaling \$17.6 million (CBR 2014) have been made to the rail infrastructure. In 2013, an assessment was performed by Jacobs Associates on the rail line nine tunnels. The tunnels were originally built in 1910-1916 with tunnel supports consisting of timber sets, shotcrete over rockbolts in bedrock, steel sets with channel lagging, and gunite over steel sets installed in the 1950s through 2012. The most recent tunnel assessment recommended that drainage be reestablished throughout the tunnels to prevent further deterioration of the timber posts, footing blocks, and track structure. In numerous locations, timber and steel sets should be secured to the tunnel sidewalls and crowned to prevent movement and failure of the adjacent sets. In Tunnel 13 it was recommended that four timber sets be removed and replaced with steel sets and shotcrete. A few tunnel repairs have been completed since the assessment. The Port was awarded a \$2 million *ConnectOregon V* grant and a \$500,000 loan from the Oregon Infrastructure Finance Authority to continue tunnel rehabilitation. The current project will include drainage improvements to most tunnels and is expected to be performed during 2015- 2016.

An assessment on the 121 bridge structures – timber, steel and concrete/steel – along the line was performed during 2012-2013 by RailStar Engineering working with Stantec Consulting Services. These assessments and inspections are part of a Federal Railroad Administration-mandated Bridge Management Plan that must be completed by September 2017. A number of deficiencies have been noted and recommendations include stringer replacement, bent repairs, pile repairs, headwall repairs, general maintenance, and additional inspections on piles and stringers. A contract for repair work on the timber bridges was awarded in 2014 to Scott Partney Construction for an amount of \$1.23 million. A separate contract for the repairs to the steel bridges was awarded to Stantec with repairs ongoing for the next several years.

The Port received a \$10 million grant from the 2013 Oregon Legislature and administered by the Oregon Department of Transportation (ODOT) Rail Division for additional bridge and track rehabilitation on the rail line. Work is expected to be ongoing through 2017, and will include bridge rehabilitation, bridge replacement and some track replacement.

The rail line along U.S. Highway 101 in Coos Bay has a decorative metal fence adjacent to the roadway. Road, sidewalk, fence and other safety improvements funded by ODOT, the City and the Port will be completed in mid-2015. The project will shift the metal fence slightly eastward and extend it southward to help prevent rail yard trespass issues (see Photo 39).

A number of repair and maintenance items have been completed along the rail line since 2011 (CBR 2014), and additional rail infrastructure has been added

- Greenhill Road manifest interchange siding
- Reedsport grade-crossing improvements
- Coos Bay, Siuslaw, and Umpqua swing span bridge preliminary repairs

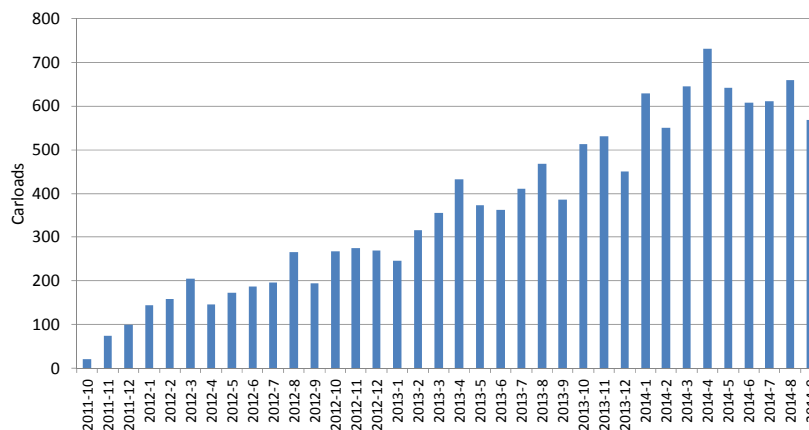
- Steel bridge preliminary repairs
- Coos Bay rail bridge electrical control system operating equipment and lighting
- Coal Bank Slough bridge temporary repairs
- Major track rehabilitation
- Timber bridge rehabilitation project
- Sand removal from railroad right-of-way
- Vegetation spraying
- Geometry testing

Coos Bay Rail Link – CBR Market

Customers use CBR to ship products to market as well as to receive inputs for production. These products include logs, lumber, wood chips, fabricated metals, and cattle feed, among others. Currently, the CBR serves customers in all three counties in which it operates.

The value of the freight rail service provided by CBR to these shippers is reflected in the rapid growth of the use of the railroad. As illustrated in Figure 30, the first full year of operation (i.e. 2012) saw CBR handle a total of 2,480 railcars.

Figure 30 – CBR Revenue Railcar Loadings



Source: Coos Bay Rail Link

Although volumes may be down from one month to the next, the overall trend is one of strong growth. A three-month moving average evens out this monthly variability. At the end of the first three months of service (i.e. December 2011), a monthly average of 65 carloads were handled. Six months later (i.e. end of June 2012), the average grew to 169 carloads, and at the end of December 2012 it reached 270 carloads per month. The monthly average increased to 403 carloads per month during 2013, and to 627 carloads per month in 2014 (January through September). The growth trend underscores the importance of the rail line to area shippers.

In order to compete with producers in other regions, mills located along the Oregon Coast seek flexible, cost-efficient transportation in order to retain and grow their business (and their employment base). A recent analysis of the economic impact of the rail line confirmed that the service provided by the railroad is considerably less expensive than the alternatives that were available when the railroad was out of operation. For higher volume customers with rail access, shipping via the rail line is the best choice, because it maximizes efficiency at the lowest transportation cost.

For shippers that have destinations 500 to 600 miles away and greater, it is generally more economical to ship by rail. As evidence of this, destinations for traffic originating on the Coos Bay rail line include California, Arizona, Nevada, Oklahoma, Texas, and others.

Figure 31 – CBR Handling Forest Products



Source: Coos Bay Rail Link

Figure 32 – CBR Transload Operations for Danish Dairy



Source: Coos Bay Rail Link

Summary of Findings

The Port of Coos Bay provides infrastructure that is critical to the continued success of local employers. The Port should continue to focus on three areas: the Charleston Marina complex, marine commerce, and the Coos Bay rail line.

The Charleston Marina complex supports both the commercial seafood industry and the visitor industry. The local commercial seafood industry includes a number of interrelated business types, including commercial fishing vessels, vessel supply and repair, seafood processing, and seafood retail. The local visitor industry is supported by the boat launch ramp, vessel moorage, RV park, retail, and restaurants in and near the marina. The U.S. Coast Guard, also based at the marina, provides critical services to both the commercial and recreational sectors. Continued Port of Coos Bay investment in the marina complex is a key to the success of these sectors.

Supporting marine commerce was the original reason for the creation of the Port of Coos Bay over 100 years ago, and continues to be a key focus today. Toward this end, the Port has been pursuing a number of goals. These include, but are not limited to, deepening and widening the

navigation channel, supporting the development of a liquefied natural gas (LNG) terminal, creating a new multi-purpose, multi-modal facility, and responding to inquiries from other potential marine cargo tenants. Potential new cargoes have included dry bulk, containers, and wind power equipment.

The proposed navigation improvements will benefit existing shippers by increasing the size of vessel that can safely navigate the channel. The improved channel also enhances the competitiveness of the Port of Coos Bay relative to other ports in the region, allowing the Port to pursue additional cargo opportunities.

The growth in carload traffic on the Coos Bay rail line demonstrates the importance to local shippers of this Port investment. The railroad helps local employers by reducing their transportation costs, thereby making them more competitive with suppliers from other regions. By continuing to upgrade rail infrastructure, the Port and Coos Bay Rail Link – CBR, increase the likelihood of generating additional volumes from existing shippers, as well as attracting new business. In addition, upgrading the rail infrastructure increases viability of the Port's marine commerce investments.

**Oregon International Port of Coos Bay
Strategic Business Plan
Coos Bay, Oregon**

**Appendix D
Coos Bay Rail Line Corridor
Industrial Site Analysis**



Coos Bay Rail Line Corridor Industrial Site Analysis

West Eugene, Lane County to End-of-Track, Coquille, Coos County

Background

The 134-mile Coos Bay rail line was acquired by the Oregon International Port of Coos Bay (Port) from the previous property owners during spring 2009 and winter 2010. The Coos Bay line connects industrial manufacturing firms and various commodity shippers in the Coos, western Douglas and western Lane Counties region, including marine terminals in the Coos Bay harbor, to the North American freight rail system through the Union Pacific (UP) Railroad yard in Eugene, Oregon.

The Coos Bay line was formerly a Southern Pacific (SP) Railroad Branch Line established in 1916. The line was sold to RailTex Inc., a short line railroad holding company, in December 2004, which then established the Central Oregon & Pacific (CORP) Railroad. RailTex also acquired SP's former Siskiyou Branch Line from Springfield Junction (Springfield), Oregon, to Black Butte, California, which became an operating division of CORP. Southern Pacific retained portions of both lines due to infrastructure issues, and leased those portions of both lines to CORP/RailTex. RailTex was bought by RailAmerica Inc. in 2000, and RailAmerica was acquired by Genesee & Wyoming Inc. during December 2012.

The Port acquired the initial 111 miles of the Coos Bay rail line from CORP/RailAmerica in the spring of 2009 through the approval of a Feeder Line Application by the Surface Transportation Board. The Port then acquired the south end of the Coos Bay line, approximately 33 miles of track, the North Bend and Coos Bay rail yards and other rail infrastructure previously leased from the Union Pacific (UP) Railroad by CORP/RailAmerica, from the UP through a negotiated property transaction in late December 2010.

After the purchase, the Port secured more than \$42 million in state and federal grants for rail line rehabilitation, including repairs to tunnels, bridges, and track structure (rail, ties, ballast, at-grade crossings and yard facilities). Funding included a \$2.5 million American Recovery and Reinvestment Act (ARRA) grant for tunnel repair, a \$7.9 million *ConnectOregon III* grant, a \$13.5 million Transportation Infrastructure Generating Economic Recovery (TIGER II) grant for track work, a \$2.5 million grant from SAFETEA:LU, two grants from the Oregon Legislature -- \$3.5 million in 2009 and \$10 million in 2013, and a \$2 million *ConnectOregon V* grant in 2014. These investments, and CBR's growing operations, generated more than 159 jobs (direct, indirect and induced) and economic impacts of \$6.4 million in the tri-county area during 2011/2012. In 2013 those numbers increased to 189 jobs and economic impacts of \$8.1 million in the tri-county region.

Through Port-led efforts at local, state and federal levels, freight rail service was restored on the Coos Bay rail line in the 4th quarter of 2011. Freight rail operations are provided by Coos Bay Railroad Operating Company LLC d/b/a Coos Bay Rail Link-CBR, a division of ARG Transportation Services LLC of Eugene, through a management agreement with the Port.

In 2012, the first full year of restored freight rail service, CBR moved 2,480 revenue carloads, resulting in 8,200 fewer truck trips on regional roads and highways. Revenue car loads for 2013 were 4,845, nearly double the 2012 levels, resulting in 16,000 fewer truck trips. Revenue traffic increased to 7,509 car loads for 2014, with truck trips eliminated growing to more than 24,800.

The economic impact of Coos Bay rail line rehabilitation and CBR operations reaches well beyond Southwest Oregon. Restored freight rail service provides regional manufacturers and commodity shippers access to North American markets via both rail and marine modes, and increases economic opportunities in Oregon's south coast region. The rehabilitated rail line provides freight service levels that will continue to help diversify and strengthen the regional economy over time.

Rail Corridor Annexation

In coming months, Port staff will be reaching out to the cities and counties along the Coos Bay rail corridor to get each public entities' cooperation and approval to annex the section of the corridor passing through their municipal boundaries into the Oregon International Port of Coos Bay Port District. Inclusion of the corridor in the Port District provides unique economic development tools not readily available to Oregon cities and counties. The Port also can adopt industrial property adjacent to the rail corridor into the Port District with the approval of the property owner.

The cities and counties that will be asked to participate in the annexation are Coquille and Lakeside in Coos County, Reedsport in Douglas County, and Eugene in Lane County. While the line passes through the City of Veneta in Lane County, there may not be any benefit for that area in that there are no developable or rail-served industrial sites in Veneta adjacent to the rail line corridor.

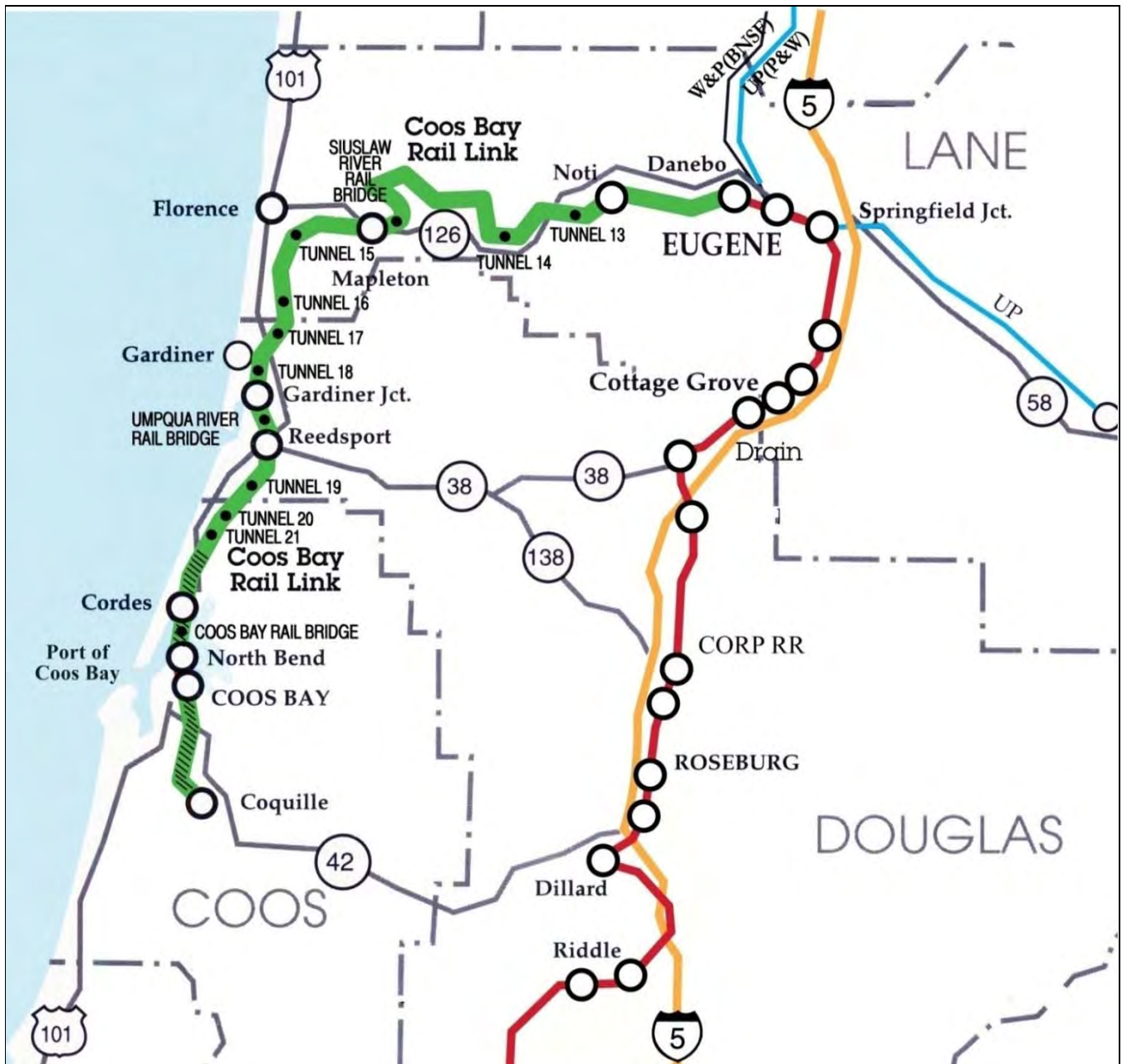
Coos Bay Rail Line Corridor Industrial Property

For the purpose of this analysis, Coos Bay Rail Line Corridor Industrial Sites are defined as any rail-served industrial facility or marine terminal, or any industrial property that could have a rail spur or rail infrastructure extended to connect the site to the Coos Bay main line, the Coquille line, the North Spit rail spur or the Bolon Island/Gardiner rail spur owned by International Paper of Memphis, Tennessee.

This analysis is based on current information developed during the period 2013 - 2015.

This rail-served industrial site analysis begins at the east end of the Coos Bay rail line in west Eugene, Lane County, at Mile Post (MP) 652.14, near Danebo Ave., and runs through western Lane County, western Douglas County and much of Coos County to the end of track west of Coquille at MP 785.8.

Coos Bay Rail Line; operated as Coos Bay Rail Link-CBR



This system map shows the approximate route of the Coos Bay rail line from its origination/interchange point in the Union Pacific (UP) Railroad yard in Eugene, to its terminus point near Coquille. The rail line serves industrial operations and development sites in western Lane, western Douglas and Coos Counties, as well as marine cargo facilities in the Coos Bay harbor. The map shows the locations of the nine tunnels and three swing-span bridges across the Siuslaw and Umpqua Rivers and Coos Bay. The rail line is operated as Coos Bay Rail Link-CBR under a management agreement between ARG Transportation Services LLC, d/b/a Coos Bay Railroad Operating Company LLC and the Oregon International Port of Coos Bay. Freight rail service was restored during October 2011, and since then CBR has moved 2,480 revenue carloads in 2012, 4,845 revenue carloads in 2013, and 7509 revenue car loads for 2014, and management projects 7,800-8,000 carloads for 2015.

Coos Bay Rail Line Corridor Industrial Site Analysis

West Eugene, Lane County to End-of-Track, Coquille, Coos County
Locations are identified by nearest community, county and/or Mile Post, as applicable.

Coos Bay Rail Line: Union Pacific rail yard in Eugene / Port ownership in west Eugene

The rail infrastructure designated as the Coos Bay rail line originates in the Union Pacific (UP) rail yard in north central Eugene between Northwest Expressway and Oregon Highway 99. The UP Eugene yard is designated as Mile Post (MP) 649.7. Port ownership of the line starts at MP 652.14 in west Eugene.

Greenhill Siding west Eugene, Lane County

The Port, working with CBR, constructed a 2,300-foot siding within the Coos Bay rail line corridor east of Greenhill Road in west Eugene, at approximately MP 652.8. The siding will help CBR manage empty and loaded rail car switching for shippers in the Noti/Vaughn area several miles to the west, and serve as a staging track for traffic interchange between CBR, the CORP and the combined Portland & Western/Willamette & Pacific Railroads (PNWR).

Immediately south of the Coos Bay rail line and east of Greenhill Road, Lost Creek Rock Products LLC is developing a truck/rail transload facility on 9.4 acres of industrially-zoned property, adjacent to approximately 30 additional acres of industrially-zoned property. Lost Creek plans to build an industrial siding off the Greenhill Siding to serve shippers utilizing their transload facility. This transload siding will be able to handle both truck-to-rail and rail-to-truck operations for a large variety of commodities moving either westbound to locations on the CBR in western Lane and western Douglas Counties and Coos County, or eastbound to locations within the southern and central Willamette valley, or to interchange with the UP, the CORP or the PNWR railroads.

There are other small industrial parcels located adjacent to the Coos Bay rail corridor between Danebo Ave. and Veneta, but the majority of the adjacent property is either zoned for agriculture, recreation, habitat/conservation or light commercial. There are only very limited opportunities to access industrially-zoned property within the City of Veneta.

Noti, Lane County

There are two existing industrial shippers located at Noti, both south of Noti Loop Road off Oregon Highway 126. Swanson Brothers Lumber Co. is located on the east side of Vaughn Road, and Seneca Sawmill Co.-Noti is located on the west side of Vaughn Road. Each mill site has a short rail spur serving their lumber shipping operations, and the two spur switches face in opposite directions. Both switches are between MP 665.0 and MP 665.5.

The efficiency of switching operations for both mills could possibly be improved if the two spurs were combined into a single siding serving both sites. However this would require significant reengineering, new site configurations and new construction, and a multi-party agreement, including funding participation, involving Swanson Bros., Seneca-Noti, the Port and CRB.

Vaughn, Lane County

Rosboro has a large mill complex at Vaughn and the site is served by the CBR. Currently this Rosboro mill is not operating, although the company is maintaining the site and has suggested that there could be a restart of the mill based on evolving market conditions. The mill site is served by an industrial rail spur and other trackage coming off a switch at approximately MP 668.3. This rail infrastructure is also used to support car switching operations at the two Noti mills.

Coos Bay Rail Line: Vaughn to Swisshome, Lane County

There are no existing industrial operations or developable industrially-zoned property adjacent to the Coos Bay rail line corridor between Vaughn and Swisshome, Oregon. The majority of the property is forested land with diverse public and private ownership and rural residential plots interspersed. However, there are sections of the rail corridor that could accommodate rail sidings to support both manifest and unit train operations and scheduling. The terrain in this section of the rail line is hilly and heavily forested, with many streams and water crossings.

Swisshome, Lane County

There are two rail-served industrial sites near the community of Swisshome in western Lane County. One site is an active wood products plant – American Laminators, Inc. – and the other is vacant.

American Laminators Inc., an operating entity of Diversified Wood Resources LLC of Drain, OR, operates a satellite glulam (glue-laminated timber products) engineered wood component production facility on a 6.1 acre site at approximately MP 697.7, south of the Coos Bay main line. A short industrial spur capable of handling two to three cars serves the site. American Laminators' primary production facility is at Drain, with rail service provided by the CORP. Diversified also owns a 9.8 acre industrial site north of the main line.

Immediately west of American Laminators at approximately MP 697.9, is a vacant rail-served industrial site owned by the Murphy Company of Eugene, OR. The approximately 10-acre parcel lies north of the Coos Bay main line and a deteriorated industrial spur remains on site.

Industrial Property between Swisshome and Mapleton, Lane County

Approximately midway between Swisshome and Mapleton, near an unincorporated area designated as Tide, Davidson Lumber Co. of Mapleton, OR, owns a 20-acre industrial parcel on the north side of the Coos Bay main line. There is evidence the site once had rail infrastructure, but nothing remains today. The property is located near MP 699.4. One large open-sided pole-barn type building is on site.

Mapleton, Lane County

CBR maintains and uses a one-mile long siding at Mapleton, OR. The siding is used for crew changes, car management and storage, and related train operations. The CBR main line and siding occupy approximately 30 acres west of OR Highway 126 at Mapleton, between MP 705.1 and MP 706.1.

South of Mapleton off OR 126, Davidson Industries, Inc. of Mapleton, OR, owns approximately 70 acres of industrial property west of the Siuslaw River bounded by OR 126. The site was served by an industrial rail spur that crossed OR 126 near MP 705.8. The property is currently not in use as an industrial site. The at-grade crossing was removed within the past 20 years. Based on conversations with the Oregon Department of Transportation (ODOT) – Rail Division, it would be possible to

reestablish an at-grade crossing of OR 126 off the main line if an industrial operation was located on this property and their transportation needs justified the investment in a fully-signalized crossing.

Further west of Mapleton on OR 126, Davidson Industries owns industrial property on both sides of the highway and the Coos Bay main line. There is a short siding at MP 708.8 that serves a small industrial area, likely less than 10 acres, which is a portion of a larger parcel owned by Davidson. On the east side of OR 126, Davidson has approximately 38 acres of inactive industrial property that was previously served by an industrial rail spur near MP 709.3. ODOT Rail would likely allow the reestablishment of an at-grade crossing of OR 126 at this location to service industrial operations on the property if the industrial transportation needs justified the investment in a fully-signalized crossing.

Cushman, Lane County

CBR maintains and uses a siding about one quarter mile east of Cushman, where the rail line crosses the Siuslaw River swing-span bridge. The Winson Siding is just under one-mile long, running from MP 714.7 to 715.6. The siding is using to manage train inbound and outbound train operations and crew changes. There also is a short spur just east of the Siuslaw River bridge, but it is out of service and it is likely that rehabilitating the spur would not be cost effective.

Coos Bay Rail Line: Cushman, Lane County, to Lower Smith River Road, Douglas County

There are no rail-served industrial sites or developable industrial properties between Cushman in western Lane County, and a former wood-products mill located off Smith River Rd. in western Douglas County, northwest of Reedsport.

There is a short rail spur at Canary in Lane County, at approximately MP 721.3, which CBR uses for limited rail line maintenance activities. There are several other abandoned spurs along this section of the Coos Bay main line. Some of these spurs might be able to be rebuilt, but likely at high cost; however others are in very poor condition and would serve no purpose related to train operations or maintenance activities. However, there are sections of the rail corridor between Tunnel 16 south of Canary and Siltcoos Lake that could accommodate sidings of varying lengths to serve as passing tracks for either manifest train activities or unit train traffic.

There is short spur at MP 736.0+/- accessing a former Westood Lumber Co. of Saginaw, OR, (Westwood LLC) industrial site. The industrial site is approximately 35 acres, split between 17+ acres owned by Westwood, and 18.5 acres owned by Home Federal Bank of Eugene, OR. Only about 10 acres of the Home Federal property is useable due to probable existing wetlands.

Gardiner Junction off Lower Smith River Road, near Reedsport in Douglas County

Gardiner Junction is shown on the CBR track charts at MP 738.8. There is a one-half mile siding between MP 738.4 and MP 738.9 that is within the Coos Bay rail line corridor. Additionally, one spur with an integrated siding comes off the CBR spur heading west toward Bolon Island. These two tracks run parallel to Lower Smith River Road until the single spur crosses Smith River on a trestle. This trackage was operated as the Longview, Portland and Northern (LP&N) Railway when there was active freight rail service between the former International Paper Co. mill and the Bohemia Inc. (later Willamette Industries Inc.) sawmill at Gardiner and main line interchange at Gardiner Junction. The length of the IP-owned spur is just over three miles, and the rail corridor from Gardiner Junction to the northwest corner of Bolon Island is 8.5 acres. International Paper is headquartered in Memphis, TN.

Bolon Island, off U.S. 101, north of Reedsport in Douglas County

The northwest and west portions of Bolon Island were occupied by American Bridge Manufacturing Co. of Coraopolis, PA. This property has been purchased by Fred Wahl Marine of Reedsport. The developed section of the site totals 33.6 acres in two parcels; 21.0 and 12.6. A third undeveloped parcel is approximately 5 acres, but does include a former barge dock. Douglas County owns the northeast and eastern portions of Bolon Island, totaling 32.4 acres, which may be suitable for some industrial development. The County also owns the southern portion of the island, but zoning is primarily habitat/conservation. The State of Oregon owns 11.4 acres on the southwest corner of the island.

Gardiner, Douglas County

The IP-owned rail corridor crosses a portion of the Smith River on a wooden trestle as it extends northward back to the mainland and toward the unincorporated community of Gardiner. The trestle is structurally sound but will need work in the future. The rail line runs north, parallel to U.S. 101 and accesses extensive industrial property owned by IP.

International Paper has the Gardiner Mill Site listed for sale by commercial real estate brokers. Total acreage of the site is approximately 400-acres+/-, including IP property at Tahkenitch and Siltcoos Lakes. The site has two readily developable portions with access to utilities; 276 acres and 76 acres. The rail corridor is shown as a separate property holding of 9.2-acres. IP does have other property holdings in this area of Douglas County, including water rights from the two coastal lakes.

Reedsport, Douglas County

The Coos Bay rail line passes through the “old town” section of Reedsport, after crossing the Umpqua River via the Umpqua River swing-span bridge. There are two short spurs between MP 740.1 and MP 740.6 within the rail corridor, both of which could be used for rail line maintenance or storage of rail-mounted equipment.

There is a very limited amount of industrially-zoned property adjacent to the Coos Bay rail line within the City of Reedsport. There are several small to medium parcels of commercial property.

Coos Bay Rail Line: Reedsport, Douglas County, to Lakeside, Coos County

The Coos Bay rail line runs from the south side of Reedsport to the north side of Lakeside and passes through heavily-wooded mountainous terrain interspersed with many streams and wetlands. There are no suitable industrial lands located adjacent to the rail corridor in this area.

Lakeside, Coos County

There are no developable industrial sites within the City of Lakeside adjacent to the Coos Bay rail line. There are several small to medium parcels of commercial property.

Coos Bay Rail Line: Lakeside to Hauser Depot Road, Coos County

The Coos Bay rail line runs adjacent to the Oregon Dunes National Recreation Area and a variety of small rural residences between Lakeside and Hauser Depot Road. The line also crosses a number of small coastal lakes along this route. There are no developable industrial or commercial sites in this section of the rail corridor.

Hauser Depot Road, near North Bend, Coos County

There is an industrial site east of the Coos Bay rail line at this location, which is served by an industrial siding approximately 3,700 feet long between MP 758.75 and MP 759.5. The siding and adjacent roadway is owned by the Port, with AllWeather Wood having a lease and use agreement. AllWeather loads treated wood products outbound for various North American market areas, as well as some products moving to the lower Columbia River for transport to Hawaii. AllWeather also receives some inbound commodities on the siding. AllWeather has worked with CBR for limited use of the siding for truck-to-rail/rail-to-truck transload operations.

Coos Bay Rail Line: Hauser Depot Road to TransPacific Parkway, Coos County

The Coos Bay rail line runs adjacent to the Oregon Dunes National Recreation Area between Hauser Depot Road and TransPacific Parkway. There are a few rural residential sites and several ATV recreational facilities near Hauser, and additional ATV facilities north and west of the at-grade crossing of TransPacific Parkway. The main line also crosses numerous streams, small ponds and wetlands in this section of the rail corridor.

There is a siding north of TransPacific between MP 762.6 and MP 763.1. There is also a switch accessing the port-owned North Spit rail spur just south of the siding at approximately MP 763.2. There was an industrial spur accessing a former sand mine near the north end of the siding, but the switch and track have been removed. There are no developable industrial or commercial sites in this section of the rail corridor.

Coos Bay Rail Line: North Spit Rail Spur, Coos County

The North Spit rail spur begins at a switch located at approximately MP 763.2, and runs primarily west and south to access industrial lands and manufacturing operations on the North Spit of lower Coos Bay. There are two shippers on the North Spit spur at this time; Roseburg Forest Products, approximately 1.5 miles west of the Coos Bay main line, and Southport Forest Products, approximately 4.5 miles west of the main line. The North Spit spur runs adjacent to large parcels of industrially-zoned developable land. Industrial property owners include the Port, Jordan Cove LNG LLC, Roseburg Forest Products and the U.S. Department of Interior Bureau of Land Management (BLM).

The Roseburg Forest Products (RFP) Coos Bay Shipping Terminal and industrial site is served by an industrial spur off the North Spit Rail Spur. A switch located approximately one-quarter mile west of the main line on the North Spit is the start of the RFP spur, which runs via an easement across property now owned by Jordan Cove. When the spur turns south it runs parallel to Jordan Cove road, which is the primary road access to the RFP industrial site. It is probable that the portion of the spur in the easement will be removed as Jordan Cove develops the property for a power plant. The RFP spur switch will be relocated about one half west off the North Spit rail spur.

Jordan Cove Power Plant development site (former Weyerhaeuser mill), Coos County

A switch off the main line at approximately MP 763.3 accesses two short industrial spurs that served a former Weyerhaeuser mill prior to the acquisition of the property by Jordan Cove. Jordan Cove plans to develop a 420 MW natural gas-fired power plant on this 150-acre site. The track materials – rail and ties – will be salvaged from the site.

Jordan Cove LNG terminal development site (North Spit Henderson Site), Coos County

The North Spit Rail Spur runs adjacent to the property planned for development of the Jordan Cove LNG marine terminal, which includes a vessel slip, natural gas liquefaction plant and LNG storage tanks. Both temporary and long-term industrial rail spur development is possible at this site, primarily to support the four to five year construction period required for the various components of the Jordan Cove LNG project.

Roseburg Forest Products – Coos Bay Shipping Terminal (private terminal)

Owner/

Operator: Roseburg Forest Products; Roseburg, Oregon

Location: Channel Mile 7.9 / Jordan Cove Rd., North Spit

Use: outbound woodchips (primarily export)

Berth: one – dolphins 1,000 feet; wharf 260 feet

Water Depth: 40 feet Mean Lower Low Water (MLLW)

Storage: 50+ acres (total site acreage is approximately 215 acres)

Facilities: rail spur/three stub tracks; truck (2) and rail (1) commodity dumpers

Roseburg Forest Products is actively marketing their North Spit marine terminal property to better utilize this asset. They plan to add one to two deep-draft berths and invest in rail infrastructure to support additional commodity movements; possibly bulk products and breakbulk cargo.

Southport Forest Products Sawmill & Barge Facility (private terminal)

Owner/

Operator: Southport Lumber Company; North Bend, Oregon

Location: Channel Mile 6.3 / TransPacific Parkway, North Spit

Use: barge slip

Capacity: 11,000 pounds per sq. ft. at west bulkhead wall

Berth: one - 420 feet x 120 feet

Water Depth: 20 feet MLLW

Acreage: approximately 37 acres

Facilities: stub tracks off North Spit Rail Spur

North Bay Marine Industrial Park

Owner: Oregon International Port of Coos Bay, Coos Bay, Oregon

Location: adjacent to deep-draft navigation channel / TransPacific Parkway, North Spit

Use: developable industrial and marine/industrial sites

Acreage: 40 to 55 developable acres

D. B. Western Inc. (d/b/a D.B. Western – Texas / DBWT)

Owner: Oregon International Port of Coos Bay; Coos Bay, Oregon

Lessee/

Operator: D. B. Western Inc.; North Bend, Oregon

Location: Channel Mile 5.6 / TransPacific Parkway, North Spit

Use: utility/work dock; vessel repair and construction

Berth: one - dolphins 200 feet; wharf 140 feet

Water Depth: 20 feet MLLW

Coos Bay Rail Line: Crosses Coos Bay on a swing-span rail bridge at MP 763.6

Pony Point / North Point industrial development site, North Bend, Coos County

After crossing the bay between Jordan Point and Pony Point on the Coos Bay swing-span bridge, the Coos Bay main line runs southeast toward the City of North Bend. At approximately MP 764.7 there is a switch with a short industrial spur accessing the Ferrellgas propane distribution facility. The facility is currently served by truck transport, but has the capability to receive rail cars. Additionally there are three distinct industrial land parcels under the south end of the U.S. 101 McCullough Bridge. The two west parcels total 41.1 acres and are owned by APCO Coos Properties, Inc. and the east parcel totals 28.3 acres and is owned by LTM Inc., a division of Knife River Corp.

Coos Bay Rail Line: North Bend rail yard and AmeriGas spur, North Bend, Coos County

The Coos Bay main line continues south, passing under U.S. 101 at MP 764.9. The line runs through the North Bend rail yard, which is comprised of the main line, four sidings and one spur. The spur accesses Ocean Terminals, but is not currently in use. The North Bend yard is primarily used for car storage.

There is a rail spur at MP 765.7 accessing the AmeriGas propane facility. The spur is not currently in use, but could be returned to service with minimal investment.

Coos Bay Rail Line: North Bend/Coos Bay waterfront marine terminal facilities, Coos County

Marine terminals with specifications are listed north to south along the Coos Bay rail line.

Ocean Terminals – North Bend (private terminal; currently leased to a third-party)

Owner: Ocean Terminals Co.; North Bend, Oregon
Operator: Merrill & Ring – Coos Bay
Location: Channel Mile 11.0 / foot of California St., North Bend
Use: inbound/outbound whole logs
Berth: one – wharf 750 feet, with dolphins
Water Depth: 38 feet MLLW
Storage: 34 acres, fenced
Facilities: rail spur (not currently in use)

Ko-Kwell Wharf / K2 Exports LLC – Log Terminal (private terminal)

Owner: CEDCO – Coquille Economic Development Corp.; North Bend, Oregon
Operator: Knutson Transportation Inc.; Coos Bay, Oregon
Location: Channel Mile 11.4 / U.S. 101 at Oregon Ave., North Bend
Use: outbound whole logs
Berth: one – 800 feet
Water Depth: 38 feet MLLW
Storage: 10 acres, some fencing

Newport Petroleum (private terminal)

Owner: Oregon International Port of Coos Bay; Coos Bay, Oregon
Operator: Tyree Oil Inc.; Eugene, OR
Location: Channel Mile 12.4 / U.S. 101 at Newmark Ave., North Bend
Use: receipt and storage of petroleum products
Berth: one - dolphins 300 feet; wharf 200 feet
Water Depth: 28 feet MLLW
Storage: tank farm - 70,000 barrels; 2.5 acres

Oregon Chip Terminal (private terminal)

Owner/
Operator: Oregon Chip Terminal, Inc.; North Bend, Oregon (subsidiary of Daio Paper)
Location: Channel Mile 12.5 / U.S. 101 at Tower St., North Bend
Use: outbound woodchips (primarily export)
Berth: one - dolphins 1,000 feet
Water Depth: 38 feet MLLW
Storage: 5 acres, fenced
Facilities: truck dumpers (2)

Bayshore Dock (private terminal; primarily a work and rigging dock)

Owner/
Operator: Sause Bros. Ocean Towing Co.; Coos Bay, Oregon
Location: Channel Mile 12.7 / 2580 Bayshore Drive (U.S. 101) Coos Bay
Use: utility/work dock (private terminal)
Berth: one - 700 feet with dolphins
Water depth: 28 feet MLLW

Coos Bay Rail Line: Coos Bay rail yard, Coos Bay, Coos County

The Coos Bay main line continues south along the bayfront to the Coos Bay rail yard, which is the primary switching facility for Coos Bay Rail Link freight operations. The yard consists of the main line, five sidings, three spurs and a wye. Coos Bay Rail Link's Depot and Operations office is located at 115 Hall Ave., just off U.S. 101.

Oregon Resources Corporation Marine Terminal (private terminal)

Owner/
Operator: Oregon Resources Corp.; Coos Bay, Oregon
Location: Channel Mile 14.8 / 1 Mullen Street, Coos Bay
Use: (not currently in use)
Berth: one - 600 feet
Water depth: 38 feet MLLW
Storage: dry bulk open storage; approximately 17 acres
Facilities: rail spurs (2)

Georgia-Pacific Marine Terminal (private terminal)

Owner/

Operator: Georgia-Pacific Wood Products Northwest Inc.; Coos Bay, Oregon

Location: Channel Mile 14.9 / 1170 Newport Ave., Coos Bay

Use: outbound woodchips; primarily export, but some domestic

Storage: 80 BDU; approximately 5 acres

Berth: one- (see Coos Bay Docks data)

Facilities: two (2) truck dumpers

Coos Bay Docks (private terminal; handles third-party cargo under contract)

Owner/

Operator: Georgia-Pacific Wood Products Northwest Inc.; Coos Bay, Oregon

Location: Channel Mile 15.1 / 1190 Newport Ave., Coos Bay

Use: breakbulk general cargo, primarily forest products

Berths: two - 1,326 feet (including G-P chip terminal berth)

Water Depth: 38 feet MLLW

Storage: 20 acres; 216,000 square feet covered dry storage

Facilities: rail spurs serve several areas of the Georgia-Pacific property

Georgia-Pacific owns additional industrial property south of their Coos Bay sawmill and Coos Bay Docks marine terminal and south of Newport Lane/Coos River Highway that could be rail served; the developable portion of the property is approximately 20 acres. One adjacent industrial parcel on Isthmus Slough is owned by Isthmus Slough Industries LLC. The parcel is about 5.8 acres.

Coos Bay Rail Line: Millington Industrial Site (south of Coos Bay), Coos County

The Millington Industrial Site is immediately south of the City of Coos Bay east of U.S. 101 and the Coos Bay rail line, with frontage on Isthmus Slough. The site consists of various parcels zoned for industrial development, with mixed ownership. Johnson Development Company LLC (d/b/a Johnson Rock Inc.) owns 4.7 acres. LTM Inc., a division of Knife River Corp., owns 6.5 acres. An approximate 7-acre privately-owned parcel is currently vacant. Knutson Towboat Co. owns approximately 64 acres. A portion of the Knutson property is used for inbound logs by barge and log sorting and storage, while another section at the south end of the property is leased to Northwest Hardwoods Inc. for a lumber mill. Additional property parcels totaling approximately 3 acres are owned by a consortium of investors and is occupied by Benny Hempstead Excavating Inc.

Coos Bay Rail Link is in contact with a group of property owners in the Millington industrial area that are exploring development of a rail spur to serve the various operations. The spur would likely be in the vicinity of MP 771 +/- . Port staff is involved in those discussions.

Knutson Log Yard Moorage at Millington Industrial Site

Owner/

Operator: Knutson Transportation Co.; Coos Bay, Oregon

Location: 1.9 miles south of main channel in Isthmus Slough/1 Isthmus St., Coos Bay

Use: inbound logs (landside unloading); occasional use

Berth: one - dolphins 500 feet

Water Depth: Isthmus Slough channel depth is 22 feet MLLW; not maintained by U.S. Army Corps of Engineers (USACE)

Coos Bay Rail Line: Industrial Site at Hayden / MP 773.1, Coos County

There is a 22-acre parcel of industrial land near MP 773.1 with a private rail crossing. The property is occupied by a timber truss manufacturing operation with limited production capacity. All commodity movements are by truck

Coos Bay Rail Line: Industrial Site at Sumner Rd. / MP 773.5, Coos County

There is a retail/commercial lumber yard – LNL Lumber Outlet – located at this site with a private rail crossing. The property was rail-served in the past, but the switch was taken out 25+ years ago. All commodity movements are by truck.

Coos Bay Rail Line: Industrial Site at Sumner-Fairview Rd. / MP 774.6, Coos County

Northwest Hardwoods Inc. owns approximately 21.5 acres of industrial land at MP 774.6. The property is located north and south of Sumner-Fairview Rd. and is used for log handling and sorting, with a separate operation for wood chipping. All commodity movements are by truck; some truck moves are to the Northwest Hardwoods mill at the Millington industrial site, while others are outbound to various mills in southwest Oregon.

Coos Bay Rail Line: MP 774.6 to MP 781.5, Coos County

There are no developable industrial properties between MP 774.6 and MP 781.5

Coos Bay Rail Line: Industrial Site on OR 42 at North Bank Ln. / MP 781.5, Coos County

There is an industrial site located near what was a rail-served site in the 1940s/early 1950s designated on rail track charts as Chrome. The overall acreage at this site is between 12 and 15 acres, however, there are some zoning variances on some of the property. Current industrial operations on the property are a small Cedar shake mill and a metal recycling operation. All commodity moves are by truck.

Coos Bay Rail Line: MP 781.5 to MP 784.0, Coos County

There are no developable industrial properties between MP 781.5 and MP 784.0

Coos Bay Rail Line: MP 784.0 to MP 785.5, Roseburg Forest Products – Coquille Mill, Coos County

Roseburg Forest Products of Dillard, Oregon, operates a plywood mill west of the City of Coquille in Coos County. Roseburg ships finished plywood and wood chips outbound on the Coos Bay rail line via Coos Bay Rail Link-CBR. Rail infrastructure serving the mill includes one spur and a short siding. Roseburg is considering adding additional rail infrastructure to better serve their mill operations.

Coos Bay Rail Link and Port staff have discussed developing a short spur and a transload operation to serve dairy cattle farms in the Coquille valley. The spur and transload would be located near MP 784.1 at the northwest corner of the Roseburg property.

Coos Bay Rail Line: End of Track at MP 785.8, Coquille, Coos County

*** ***** ***

**Oregon International Port of Coos Bay
Strategic Business Plan
Coos Bay, Oregon**

**Appendix E
Coos Bay Estuary Management Plan
Unit and Management Classifications**

Coos Bay Estuary Management Plan (CBEMP)

The following shoreline unit and management classifications, as identified in the County and City CBEMPs, are applicable to Port-owned properties.

Coos County CBEMP Units

Shoreland Unit 61 – Management Classification UW (61-UW)

This unit shall be managed for urban water-dependent/water-related uses. Expansion of existing non-water-dependent/non-water-related uses shall not be allowed. Only water-dependent/water-related uses shall be allowed to expand into the aquatic area (see Unit 61 DA).

Shoreland Unit 63A – Management Classification NA (63A-NA)

This aquatic area is one of the few areas of the bay with water of suitable quality for commercial aquaculture. The objective of the management unit is to manage the area to protect water quality and to allow existing aquaculture and associated uses/activities. A bridge crossing support structure shall also be permitted when Joe Ney Bridge is replaced.

Shoreland Unit 66 – Management Classification UW (66-UW)

The waterfront area of this shoreland unit shall be managed for water-dependent and water-related uses. Temporary non-water-dependent/non-water-related uses are allowed as per Policy #16 in this area. The inland area is not well suited for water-dependent/water-related uses (See inventory map “Goal #16 and Goal #17 Priority Development Areas” for delineation of the area considered “suitable for water-dependent uses”).

Shoreland Unit 66A – Management Classification DA (66A-DA)

This aquatic unit shall be managed for expansion of the commercial fishing industry and for maintenance and expansion of recreational moorage.

Shoreland Unit 66B – Management Classification CA (66B-CA)

This aquatic unit shall be managed to conserve the easily accessible recreational clam bed. However, local governments also believe this to be an excellent site for a large in-water marina and, accordingly, intend to pursue the necessary actions at the next plan update to justify marina development in this unit.

Shoreland Unit 3 – Management Classification WD (03-WD)

This shoreland unit shall be managed to efficiently utilize the property for water-dependent or related commercial/industrial development. Development must be conducted in a manner that is consistent with the Plan’s general policy regarding beaches and dunes. Any area of disturbed snowy plover habitat shall be replaced elsewhere on the North Spit (see Units #1CS and #2CS) such that: (1) sites created as habitat are made available before or concurrently with alteration of existing habitat, and (2) there is no net loss of habitat.

Shoreland Unit 3 – Management Classification NWD (03-NWD)

This shoreland unit shall be managed to efficiently utilize the property for non-water-dependent commercial/industrial development. Development must be conducted in a manner that is consistent with the Plan’s general policy regarding beaches and dunes.

Shoreland Unit 4 – Management Classification CS (04-CS)

This shoreland unit shall be managed to maintain the existing lagoon and its ability to handle effluents and to allow development of a freshwater marsh.

Shoreland Unit 5 – Management Classification WD (05-WD)

A large portion of this unit, compared to other areas of the bay, possesses characteristics that make it an exceptional future development resource not only for the Bay Area, but for Coos County and the State of Oregon as well. The site's location on the deep-draft channel in the lower bay gives it even greater attributes as a water-dependent industrial development site. Therefore, the Plan reserves this portion of the unit for an integrated industrial use that takes advantage of the site's unique characteristics, particularly its attributes for deep-draft development. Uses need not be limited to those specifically mentioned in Exception #22.

Utilizing the site for development purposes as described will require the filling of 123 acres of freshwater and saltwater wetlands, commonly known as Henderson Marsh (Dredged Material Site #4x).

The Plan intends that development within the road corridor will be for the purposes of developing and maintaining an access road, rail and utility corridor, and pulp mill effluent pipeline.

Shoreland Unit 5A – Management Classification NS (05A-NS)

This shoreland unit shall be managed to conserve and enhance vital wildlife habitat resources. This also contains a corridor and access road for the Oregon International Port of Coos Bay's effluent outfall pipeline from eastern boundary of the site with Transpacific Parkway and running west along the southern boundary of the management unit into the ocean.

Shoreland Unit 5 – Management Classification DA (05-DA)

Information is not provided in the County CBEMP.

Shoreland Unit 2 – Management Classification CS (02-CS)

This shoreland unit shall be managed to allow continuation of existing uses and use of the area for undeveloped land transportation. Any relocation of the land access route should be done in a manner that meets the needs of existing uses protecting sensitive resource habitat. The unit shall also be managed to allow development of recreation facilities, including construction of an improved road to serve the facilities.

The unit contains two designated mitigation sites, M-3 and M-4. However, only site M-3 shall be protected from pre-emptive use, as it is rated a "High" priority site, while M-4 is rated "Low" priority (consistent with Policy #22). The unit also contains part of a dredged material disposal site (4a).

An existing heron rookery located in this unit shall be preserved by protecting those trees in the rookery which are used by the birds.

Shoreland Unit 2 – Management Classification NA (02-NA)

This aquatic unit shall be managed to maintain aquatic resource productivity consistent with the present mix of low-intensity uses and structures and the uses and activities allowed in the unit.

City of North Bend CBEMP Units

Shoreland Unit 44 – Management Classification UW (44-UW)

This shore land segment shall be managed primarily to protect existing uses and to allow new water-dependent/water-related uses – recognizing that this ideal development is constrained by existing development patterns.

In particular, the following specific Management Objectives apply to the segment:

- 1. The City of Coos Bay’s downtown waterfront development project (including a waterfront boardwalk) shall be allowed in order to encourage public observation of waterfront activities.*
- 2. Non-water-dependent/non-water-related uses shall not otherwise be allowed, except as allowed in Policy #16a.*

City of Coos Bay CBEMP

Shoreland Unit 44a – Management Classification UW (44a-UW)

Information is not provided in the City of Coos Bay CBEMP.

Shoreland Unit 24 – Management Classification NA (24-NA)

This aquatic unit which contains a large productive marsh known as the “W-shaped marsh” shall be managed to protect its natural resource productivity.

Shoreland Unit 27 – Management Classification DA (27-DA)

This unit which is located between the deep-draft channel and prime development land, shall be managed in conjunction with water-dependent industrial uses in the uplands.

Shoreland Unit 27 – Management Classification UW (27-UW)

Information is not provided in the City of Coos Bay CBEMP.

Shoreland Unit 28 – Management Classification UD (28-UD)

Information is not provided in the City of Coos Bay CBEMP.

Shoreland Unit 45 – Management Classification NA (45-NA)

Information is not provided in the City of Coos Bay CBEMP.

Shoreland Unit 45 – Management Classification CS (45-CS)

Information is not provided in the City of Coos Bay CBEMP.

Shoreland Unit 25 – Management Classification NA (25-NA)

This unit contains a major estuarine salt marsh and shall be managed in its natural condition to protect resource productivity and habitat values. Shoreline stabilization is allowed if breaching of the existing shoreline appears imminent.

**Oregon International Port of Coos Bay
Strategic Business Plan
Coos Bay, Oregon**

**Appendix F
Dredging Equipment Operational Assessment**

Draft
Technical Report
DREDGE EQUIPMENT OPERATIONAL ANALYSIS
AND BUSINESS PLAN

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Technical Report

Dredge Equipment Operational Analysis and Business Plan

1. Introduction

The following report summarizes the results of Coast & Harbor Engineering's (CHE's) study to provide Oregon Infrastructure Finance Authority (IFA) with the technical information necessary to evaluate the feasibility of an Oregon State-funded purchase of dredging equipment. This dredging equipment will be utilized to provide and maintain navigable depths at seven small ports (further referenced as applicants or constituents) along the Oregon Coast. The seven applicant ports are listed below (from north to south) and their general locations are shown on Figure 1:

1. Port of Siuslaw
2. Port of Umpqua (Salmon Harbor Marina)
3. Port of Coos Bay (Charleston Marina Complex and Shipyard)
4. Port of Bandon
5. Port Orford
6. Port of Gold Beach
7. Port of Brookings Harbor

CHE's major tasks for this study included compilation and review of existing data, estimating volumes and frequencies of the required maintenance dredging work, developing and evaluating dredging equipment alternatives, cost analysis, and providing recommendations for the preferred dredging alternative. As part of data collection, CHE has developed and submitted a questionnaire to all applicant ports regarding physical conditions, dredging parameters, available disposal sites, environmental and permitting restrictions, and other pertinent information in order to obtain practical experience and knowledge of site-specific conditions (See Appendix A). All seven applicant ports responded to the distributed questionnaire in a timely manner and provided invaluable information that, in combination with the data compiled by CHE, was the basis of further analysis and recommendations presented herein.

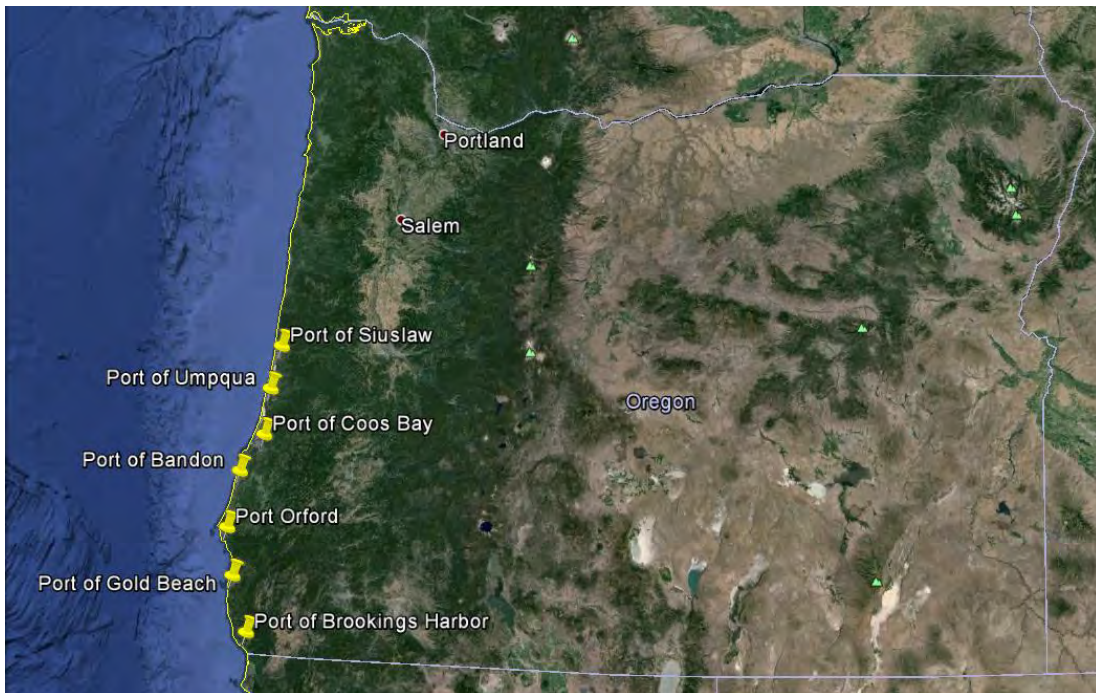


Figure 1. General locations of Port-constituents

2. Maintenance Dredging Requirements

The estimate of yearly maintenance dredging requirements (i.e., average maintenance dredging volume per year) to maintain navigable depths at the applicant port's facilities is a critical element for selection of applicable dredging equipment¹. These estimates were obtained using two methods: 1) Comparison analysis of historical bathymetric survey data; and 2) Review of historical dredging records.

Historic bathymetric survey data for the individual applicant port facilities was acquired by request from the Portland District United States Army Corps of Engineers (USACE) for a period of approximately 10 years. The USACE conducted regular hydrographic (bathymetry) surveys along the Federal Navigation Channels and turning basins providing navigable approaches to the applicant ports and marinas along the Southern Oregon Coast. These surveys partially covered the dredging areas maintained by applicant ports, and therefore, were applicable for computing volumes of sedimentation. For example, Figure 2 shows the areas of USACE bathymetry surveys coverage along the South Slough Federal Navigation Channel, which provides navigable approaches to the Charleston Marina Complex at the International Port of Coos Bay, Oregon.

¹ The other key elements include dredging depth, location of disposal sites, sediment characteristics, and environmental and permitting restrictions and are further discussed in this report.

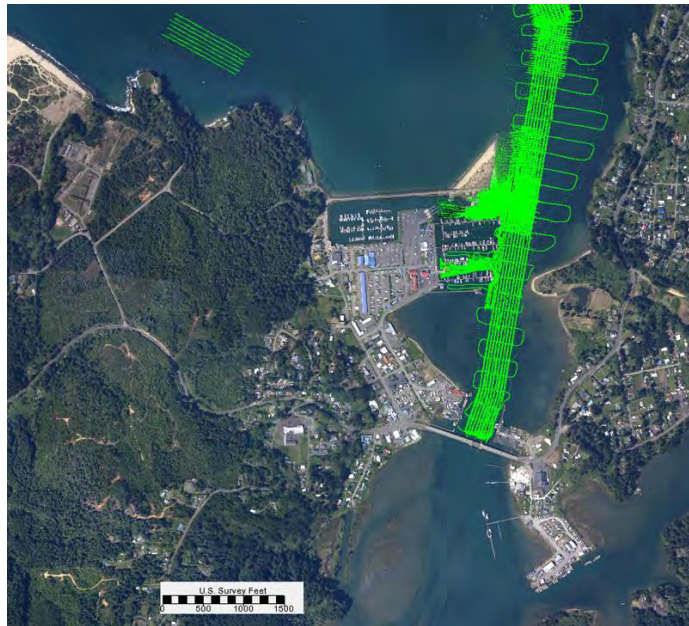


Figure 2. USACE bathymetry coverage along South Slough Federal Navigation Channel that provides navigable approaches to Charleston Marina Complex (Coos Bay, OR)

The extended coverage of the USACE survey data enabled CHE, using these data to compute sedimentation rates and/or validate maintenance dredging requirements obtained via Method 2 described above (i.e., a review of historical dredging records). In addition, using the USACE survey data allowed CHE to estimate sedimentation rates and maintenance dredging requirements at the approach channels that currently are maintained by the USACE².

In order to estimate sedimentation rates, sequential USACE surveys, post-dredge and/or condition surveys and subsequent pre-dredge and/or conditions surveys were processed and analyzed. Figure 3 shows an example of the data analysis. In this case, depth differences between sequential pre-dredge and preceding post-dredge surveys for three different periods in 2009, 2010, and 2011 are shown in color format. Yellow-red colors indicate sedimentation, and blue colors indicate erosion (or maintenance dredging that was not recorded). The rates of sedimentation were computed based upon individual difference plots and averaged for the entire period. Computed rates of sedimentation were used in estimating yearly maintenance dredging requirements (where appropriate) at most of the aforementioned applicant port locations.

² Though this part of the work (maintenance dredging in the Federal Channels) was not part of CHE's scope of work, it is believed that the knowledge obtained upon this analysis would be beneficial for future planning work, once the dredging equipment is available to the ports.



Figure 3. Example analysis- Charleston Marina, Coos Bay, depth differences between sequential pre-dredge and preceding post-dredge surveys

The second method to estimate yearly averaged volumes of maintenance dredging was based upon compilation and analysis of available historical dredging records. These records were compiled for each individual dredging project at the applicant ports. It should be noted that the dredging records were limited, and for most of the applicant ports, the records did not provide adequate representation of annual maintenance dredging needs. Therefore, the dredging records were enhanced with estimated volumes “to be dredged.” These volumes (to be dredged) were estimated based on a sedimentation analysis (utilizing bathymetric survey data), where appropriate, and based upon projections by previous studies (i.e., MARZET, Marine and Estuarine Research Co., Gahagan & Bryant Associates, Inc., etc.). An example of actual and estimated maintenance dredging volumes for the Charleston Marina Complex Inner/Outer Basins for the period between 1994 and 2013 are shown in Figure 4a and 4b, respectively. The actual maintenance dredging volumes data are shown with red bars in Figure 4a, and the estimated (based upon results of methods maintenance dredging volume in blue.

Please note that the estimated dredging volumes (blue bars) represent volumes of sediment at the marine facilities (also referenced above as dredging projects) of the Charleston Marina Complex Inner/Outer basins that should have been but were not dredged. These volumes have accumulated at the ports’ facilities during the last several decades because of non-regular and maintenance dredging practices. The estimated, accumulated dredging volumes are referenced herein and further as *backlog dredging*.

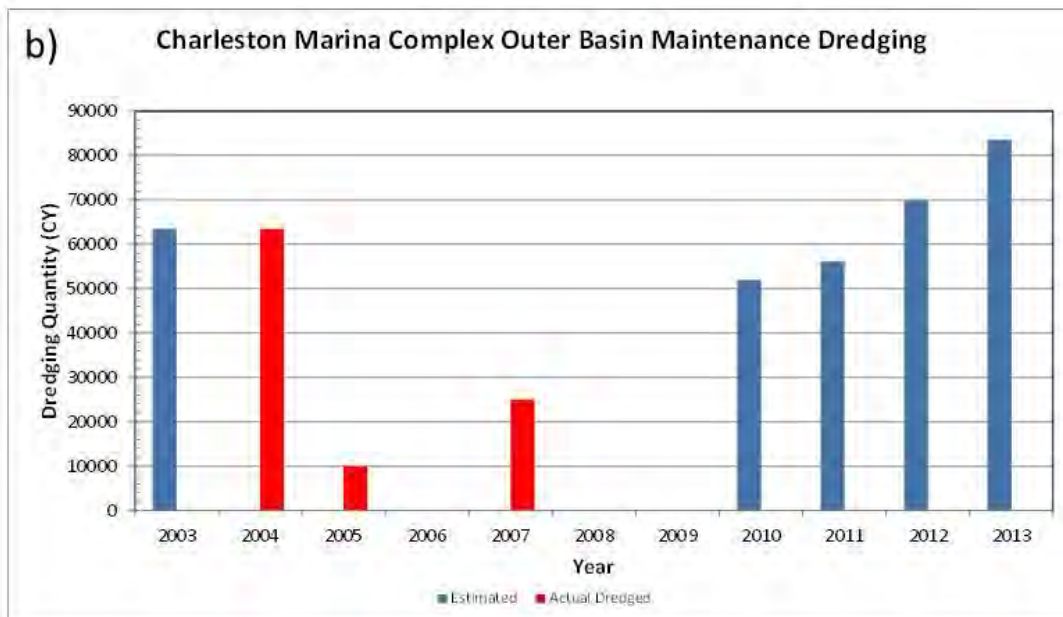
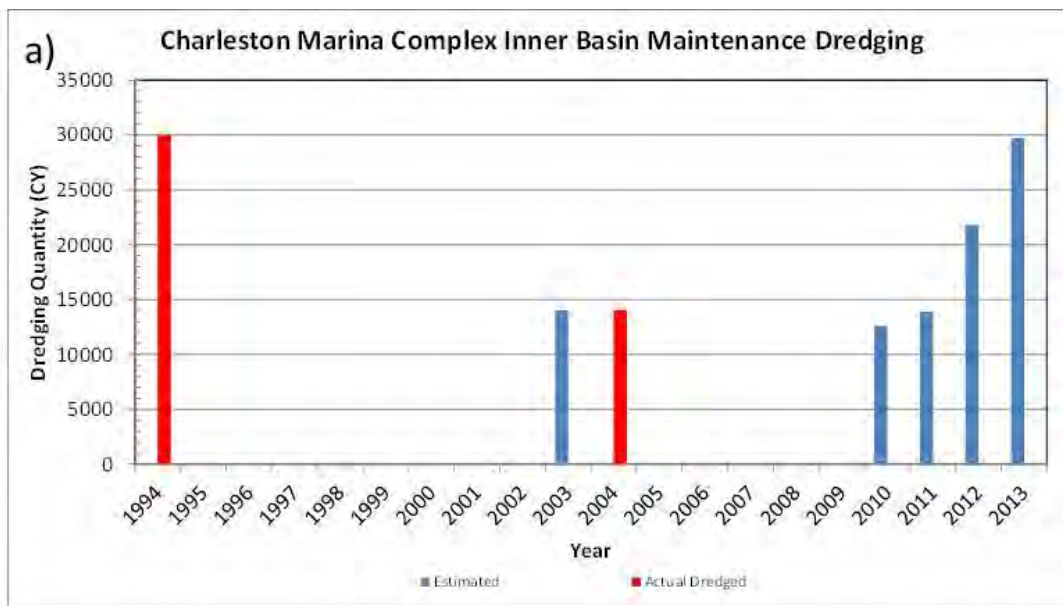


Figure 4. Example actual and estimated maintenance dredging volumes for Port of Coos Bay (Charleston Marina Complex) within Inner (a) and Outer (b) basin areas

Using the above two datasets (actual dredging records and estimated backlog volumes), the average yearly volumes of maintenance dredging were evaluated at each dredging project within each applicant port (See Appendix A). An example evaluation of yearly estimated maintenance dredging requirement at each of the individual dredging sites at the International Port of Coos Bay (Charleston Marina Complex and Shipyard) are shown in Table 1.

Table 1. Example Yearly Dredging Volumes Evaluated for Port of Coos Bay (Charleston Marina Complex and Shipyard) Dredging Projects

International Port of Coos Bay – Charleston Marina Complex and Shipyard Dredging Site	Yearly Maintenance Dredging Requirement (cy)
Inner Basin	3,750
Outer Basin	9,850
DWFD and Shipyard	2,800
Total	16,400

A summary of the estimated maintenance dredging volumes for each applicant port project are presented in Table 2 and is shown in Figures 5a and 5b. Figure 5a plots the volumes of yearly maintenance dredging requirements versus individual dredging projects at all seven ports. Figure 5- b plots the integrated volumes of maintenance dredging requirements for all ports. The figure shows that in order to maintain the navigable depths at all ports the dredging equipment should be capable of providing dredging and disposal of approximately 63,000 cubic yards (cy) per average year³.

Table 2. Estimated Volumes of Maintenance Dredging Requirements

Applicant Port Dredging Project Location	Estimated Volumes of Maintenance Dredging Work (cy)
Port of Siuslaw Marina	4,300
Port of Umpqua - Salmon Harbor Marina West Basin	5,300
Port of Umpqua - Salmon Harbor Marina East Basin	7,400
Charleston Marina Complex (Inner and Outer Basins)	13,600
Charleston Shipyard	2,800
Port of Bandon Boat Basin and Launch Ramp	7,000
Port Orford	10,000
Port of Gold Beach Basin	5,500
Port of Brookings Harbor Marina	7,200
Total	63,100

³ It should be noted that 10,000 cy of maintenance dredging work shown in the table will likely be performed using the Toyo pump or the equipment of a Federal contractor paid with Federal funds. Once this has occurred, the total amount of maintenance dredging for all port participants would reduce to 53,000 cy, reducing the annual maintenance dredging requirement to 53,000 cy.

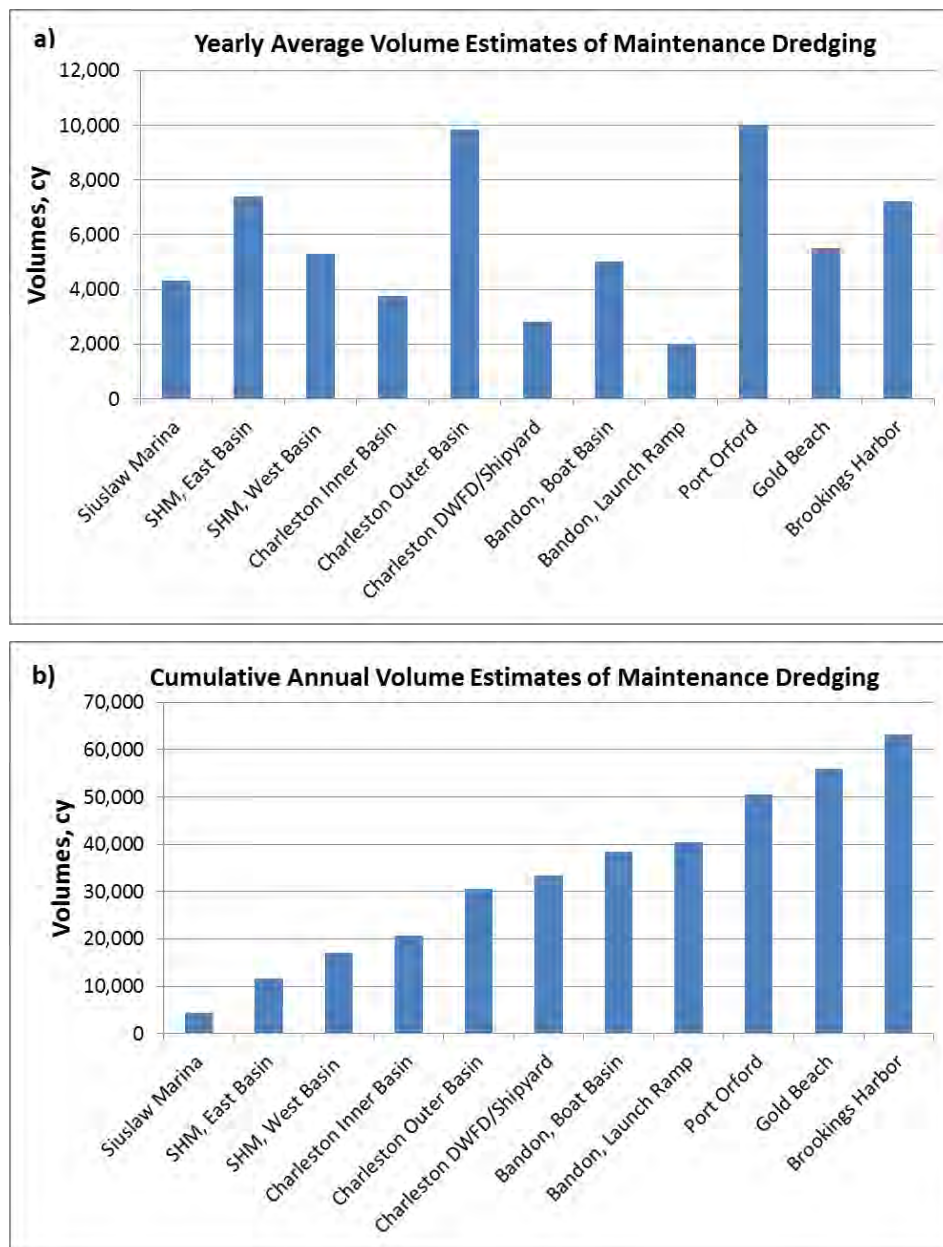


Figure 5. Plots of individual (a) and integrated (b) volumes of maintenance dredging requirements for seven ports

It should be noted that the cumulative volume of 63,100 cy discussed above is an estimate of annual average of maintenance dredging based on historical siltation rate information. This rate is applicable for the design (dredged) depth. If the dredging cut is already filled up with sediment (what likely occurs at most of the port projects), the rate of sedimentation would be smaller.

As discussed above, in addition to annual maintenance dredging estimates (i.e., the estimated volume of dredging needed on a yearly basis to maintain navigable depths), there has been a significant amount of sediment that has accumulated in the applicant ports' properties throughout the last several decades due to irregular and improper maintenance dredging work. As mentioned above, this amount of sediment is herein referred to as *backlog*. A

summary of evaluation of the backlog volumes (sediment accumulated above the design depth in the ports) is presented in Figures 6a and 6b. Figure 6a plots the volumes of backlog versus individual dredging projects at all seven applicant Ports. Figure 6b plots cumulative volumes of backlog for all ports.

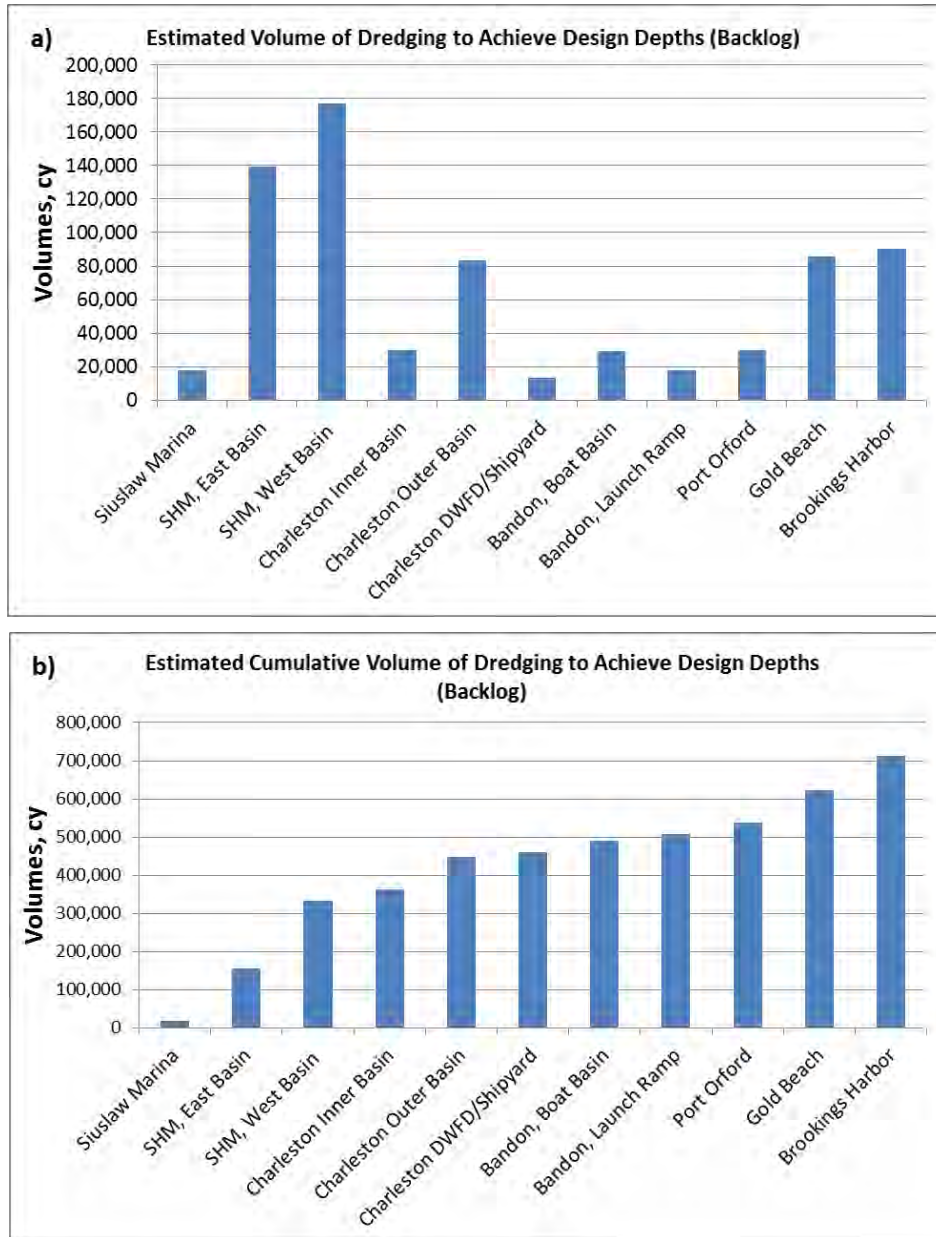


Figure 6. Summary of evaluation of backlog volumes, volumes of backlog vs. individual dredging projects (a); cumulative volumes of backlog for all ports (b)

The figure shows that in order to bring the navigable depths at all ports to the design (desirable) conditions, the volume of backlog to be dredged is approximately 700,000 cy. In other words, besides the annual maintenance dredging requirements of approximately 63,000

cy per year, an additional amount of sediment of approximately 700,000 cy needs to be dredged to bring the ports' facilities to the desirable depth (dimensions specified by the ports in the questionnaire responses). There are several dredging-related strategies that should be considered while evaluating and selecting the dredging equipment necessary to handle the volumetric demand for backlog and yearly maintenance dredging requirements. Some of these strategies are listed below:

- Select the dredging equipment to provide maintenance dredging volumes (approximately 63,000 cy per year) only. Consider the dredging of backlog as a separate dredging project that should be addressed by a different funding mechanism.
- Select dredging equipment to provide annual maintenance dredging volumes (approximately 63,000 cy per year), and also have additional capacity to provide some dredging backlog volume. It should be noted that this approach is a long-term strategy that could take a decade or longer to obtain the desirable depths at all applicant Ports' dredging projects.
- Revise the dredging projects by the applicant Ports to minimize the volume of backlog and if possible, exclude dredging (or minimize dredging depths) at facilities (docks, piers, other) which are not currently in use due to demand at the individual applicant Port facilities.

Considering the directions of the Oregon State IFA and recommendations from the joint IFA and Ports meeting, held April 25, 2014 in Coos Bay, Oregon, the current strategy is to consider dredging of the backlog as a separate dredging project, and focus on maintenance dredging requirements only.

3. Disposal Sites and Method of Disposal

3.1. Disposal Sites and Dredging Methods

Available information regarding disposal sites for each Port included in the study was compiled based on information provided by OIFA, data from the questionnaire, and searches of the USACE and Portland Sediment Evaluation Team websites for permitting information, annual river reports, suitability determinations, and information provided in the questionnaires.

Permitted Ocean Dredged Material Disposal Sites (ODMDS) are available along the southern Oregon Coast. Most of the sites are dispersive and located near the mouth of the major rivers. As discussed previously, the sites that are located at the open ocean are not feasible for the small dredging equipment considered herein. Upland sites are also available at the Port of Gold Beach and the Port of Coos Bay Charleston area. Flow lane disposal is also permitted at the Port of Coos Bay Charleston⁴.

Three in-bay disposal sites are located at Salmon Harbor. One of the sites has been used to create snowy- and marsh plover habitat. The characteristics and status of these sites could not be determined via our research, but may be economical alternatives to using ODMDS.

⁴ None of the upland disposal sites were considered in the analysis and selection of dredging equipment.

Hydraulic dredging has been used at all of the Ports studied. Clamshell and/or hopper dredging are also permitted at the Ports of Brookings Harbor, Coos Bay, Umpqua and Siuslaw, and could likely be permitted at the other Ports. Potential flow lane and/or other beneficial uses of dredged material should be considered at all the Ports in the future.

A summary of disposal sites and dredging methods is provided in Table 3. Figures showing the specific disposal site locations for most of the Ports studied (Port of Port Orford ODMDS figures were not available) are provided in Appendix B.

Table 3. Summary of Available Disposal Sites and Dredging Methods

Location	Disposal Site(s) / Method
Port of Port Orford	Ocean Dredged Material Disposal Site (ODMDS), nearshore site located approximately 200-ft from the edge of the breakwater; 400 x 400 ft. (Hydraulic)
Port of Brookings Harbor	Chetco River ODMDS located southwest of the entrance to the Chetco River. Dimensions of the site are 1,800 x 1,800-ft with an average depth of 70-ft. (Hydraulic and clamshell)
Port of Gold Beach	ODMDS located southwest of the entrance to the Rogue River. 3,600 x 1,400-ft with an average depth of 60-ft. Upland placement. (Hydraulic)
Port of Bandon	ODMDS located northwest of the mouth of the Coquille River. 3,500 x 1,750-ft with an average depth of 60-ft. (Hydraulic)
Port of Coos Bay (Charleston)	ODMDS located near the mouth of the Coos River: <ul style="list-style-type: none"> • ODMDS Site F, 14,600 x 8,000-ft (range of 20 to 170-ft depth) • ODMDS Site G: • ODMDS Site H: 3,600 x 1,450-ft (55-ft depth) • Barview upland site for material not suitable for in-water disposal • Flow lane disposal also authorized. (Hydraulic and clamshell)
Port of Coos Bay (Unified)	ODMDS located near the mouth of the Coos River: <ul style="list-style-type: none"> • ODMDS Site E, 3,600 x 1,400-ft (17 ft depth) (Not active); • ODMDS Site F 14,600 x 8,000-ft (range of 20 to 170-ft depth) • ODMDS Site H, 3,600 x 1,450-ft (55-ft depth) (Hydraulic, hopper and clamshell)
Port of Umpqua	ODMDS sites located approximately 4,000-ft to the northwest and southwest of the entrance to the Umpqua River. <ul style="list-style-type: none"> • ODMDS (northwest site) 600 x 1,400-ft; (ranges from -30 to -120-ft depth) • ODMDS (southwest) 3,200 x 1,400-ft; water depth ranges from -30 to -120-ft depth) Three in-bay disposal sites are located at Salmon Harbor. One of the sites has been used to create snowy- and marsh plover habitat. (Clamshell and hydraulic)

Location	Disposal Site(s) / Method
Port of Siuslaw	ODMDS sites north and south of the entrance to the Siuslaw River: <ul style="list-style-type: none"> • ODMDS Site B north of the entrance to the Siuslaw River. 4,800 x 2,000-ft with water depth of 75-ft. • ODMDS Site C south of the entrance to the Siuslaw River. 3,000 x 2,000-ft with water depths ranging from approximately 30 to 125-ft. (Clamshell and hydraulic)

It should be noted that open water, flow-lane disposal, or beach nourishment is the only feasible long-term approach for small port dredging because upland disposal capacity is finite and offshore disposal is cost prohibitive. The study strongly recommends investigating the feasibility of these disposal options prior to dredge purchase commitment.

3.2. In-Water Work Periods (IWWP)

In-water work periods vary between the Ports, presumably due to the presence of specific threatened or endangered species and critical habitat. In-water work windows are defined by the Department of State Lands (DSL) and also by the USACE permits for each Port, as shown in Table 4. The IWWPs specified in the DSL Fill/Removal Permit and the USACE Section 10/404 permits are conflicting for the Ports of Brookings Harbor, Gold Beach, Bandon, and Coos Bay. These IWWPs should be aligned for each Port via permit addendums, or as permits are renewed in the future.

Table 4. Summary of In-Water Work Windows

Location	DSL Permit	USACE (Corps) Permit
Port of Port Orford	None Specified	May 1-April 15 (boat hoist area) October 1-May 31 (navigation channel)
Port of Brookings Harbor	October 1-May 31	November 15-February 15
Port of Gold Beach	October 1-May 31	November 15-February 15
Port of Bandon	November 15-February 15	October 1-February 15
Port of Coos Bay (Charleston)	November 1-February 15	NA
Port of Coos Bay (Unified)	November 1-February 15	August 1-December 15
Port of Umpqua	NA	November 1-January 31
Port of Siuslaw	NA	November 1-January 31

3.3. Permitting

Permitting dredging and disposal is typically complicated due to the need for federal, state, and local permits as well as consultations for threatened and endangered species, critical habitat, historic preservation, tribal consultation, water quality certification, and coastal zone management consistency. Permit periods can range

from 3 to 10 years; the “permit set” for each activity can have varying expiration dates, resulting in inconsistent renewal requirements between projects, activities, and site locations. Permit status and needs relative to the DSL and USACE permits are summarized below in Table 5⁵.

Table 5. Summary of Anticipated DSL and Corps Permitting Needs

Port	Permit Status	Permitting Needs
Port of Brookings	DSL and Corps permits expire in 2015	New permit set/renewal needed in 2015.
Port of Port Orford	Corps permit expires 1/2017 DSL permit expires 8/2018	DSL/Corps renewal not needed at this time.
Port of Coos Bay: Charleston	Corps permit renewal in progress. DSL permit for the marina expires 10/2015; DSL permit for the shipyard expires 9/2018	DSL renewal permit for the Marina is needed by 10/2015.
Port of Coos Bay: Unified	Corps permit expires 6/2014; DSL permit expires 1/2017	Corps permit renewal needed; check state and local permit expirations.
Port of Gold Beach	DSL permit expires 2/2014; Corps permit information not available.	DSL permit renewal needed; check state and local permit expirations.
Port of Bandon	DSL permit renewal in progress. Corps permit renewal in progress.	Check state and local permit expirations.
Port of Umpqua	Corps permit expires 2012. DSL permit expires 7/2016.	Corps permit renewal needed.
Siuslaw	Need all permits	New permit set

4. Dredging Equipment Alternatives

Feasible alternatives of dredging equipment to maintain navigable depths at the dredging projects of seven applicant Ports along the Oregon Coast have been developed and evaluated herein. The dredging alternatives were selected using the following assumptions:

- Dredging equipment shall be capable of providing yearly maintenance dredging volumes equal to or larger than 63,000 cy per year.
- Dredging equipment should be portable and require minimal effort for mobilization/demobilization. Based on practical experience from other projects, it appears the weight of dredge equipment should not exceed 23-25 tons. Otherwise, the weight of dredge equipment would exceed boom lift capacity for typical and locally available cranes; and thus, would complicate mobilization/demobilization operations.

⁵ Note that we did not have access to all the permits for each Port; other state or local permits may also need renewal (such as the state water quality certification).

- Port Orford has acquired an 8-inch Toyo Pump to conduct maintenance dredging along the Port's dock. An attempt should be made to incorporate the purchased Toyo pump into the recommended dredging plan.
- The Port of Brookings has previously purchased and owns some dredging equipment including a booster pump, 14" HDP pipeline, anchors, buoys, lights, tools, rigging, etc., with a total value of approximately \$400,000. This equipment potentially can be used to support dredging operations at other ports (where appropriate) and likely would increase production rates and reduce the cost for purchase of dredging equipment. Under the current study, the Port of Brookings's equipment is not accounted for in the analysis. First, it is not clear under what conditions this dredging equipment would be transferred to other ports (lease, donation, purchasing, etc.). An agreement between the Port of Brookings, other ports, and IFA needs to be in place to identify conditions for transfer of this dredging equipment. Second, under the assumptions of having available nearby open water, flow lane, and beach nourishment dredged material disposal sites (See Section 5) no booster pump would be required.
- Minimum dredging depths should be on the order of 10-17 ft (relative to Mean Lower Low Water levels). No deep-water dredging (deeper than 20 ft at MLLW) is anticipated.
- Dredged material from all dredging projects will be placed at an approved nearby open water dredged material placement site, defined in Section 2 above. Placement of dredged material at the open ocean disposal sites (outside of rivers and estuaries) is not anticipated.
- Dredging sites and dredged material placement sites are permitted for hydraulic dredging and pipeline disposal.
- The approximate dredging window is four months from November 1 through the end of February.
- The dredging equipment alternatives utilize commercially-manufactured U.S. equipment by specialized companies, and does not account for dredging equipment that may be comprised of individual components manufactured by different companies. For example, the dredging alternatives account for a commercially-manufactured 8-inch Toyo pump. It is assumed that the Toyo pump operates from an existing fixed structure or crane. Methods of operating a Toyo pump from floating equipment (i.e., barges, Flexifloats or other means) is not considered herein.

Prior to developing dredging equipment alternatives, a preliminary analysis was conducted to determine the feasibility of using mechanical dredging equipment for maintenance dredging work at the applicant ports. Mechanical dredging equipment (considered herein) consists of a clamshell excavator installed on a Derrick (flat deck barge, pontoons, Flexifloats, etc.), a split-hull dump scow barge, a tug boat, and a workboat. The dredging cycle includes digging by clamshell, placement of dredged material on the scow barge, transporting the scow barge by tug boat to the in-water disposal site, bottom dumping of dredged sediment from the scow, and returning a scow barge to the dredging site for the dredging/disposal cycle. The workboat will stay with the clamshell to provide all required servicing. Preliminary analysis identified the major disadvantages of using mechanical dredging equipment as follows:

- Significant purchase cost. For example, the estimated cost for a new small bottom dump barge is approximately \$1M.
- Inability to dredge under small floats and piers.
- A low production rate for the small port conditions being considered, specifically while dredging between floats or in narrow fairways.
- Requires extensive operational personnel, at a minimum 4 to 5 staff.
- Complexity with mobilization from one port to another. For example, tug boats operating inside the estuary may not be certified to tow a bottom dump scow along the open ocean (from one port to another). For this purpose, an ocean-going tug boat would be required. Towing operations with an ocean-going tug boat and uncertainties with weather/entrance channel conditions may add significant costs to the dredging project.

Based upon the above considerations, mechanical dredging equipment was not considered in selection of dredging equipment alternatives for small Southern Oregon coastal ports. Further analysis and selection of the alternatives was limited to a single dredge, or a combination of hydraulic cutterhead dredges and Toyo pump dredging equipment.

There are a number of different types of portable and small cutterhead suction dredges that may be capable of meeting the South Oregon small ports dredging requirements. Examples of these dredges, manufactured by Ellicott Machine Co are presented in Table 6 below.

Table 6. Example Portable Dredges Manufactured by Ellicott Machine Co

Series	Discharge Diameter	Maximum Digging Depth	Total Power	Pump Power	Cutter Power	Nominal Pump Capacity Range
360SL 8"	8"	15'	375 HP	290 HP	40 HP	up to 125 cu yds/hr
	203 mm	4.57 m	280 kW	216 kW	30 kW	100 m3/hr
460SL 10"	10"	20'	440 HP	320 HP	40 HP	up to 250 cu yds/hr
	245 mm	6.1 m	328 kW	238 kW	30 kW	190 m3/hr
370HP	10-12"	20-42'	440 HP	320 HP	40 HP	up to 250 cu yds/hr
	254-304 mm	6.1-12.8 m	328 kW	239 kW	30 kW	190 m3/hr
670HP	12-14"	33-42'	800 HP	560 HP	100 HP	100-450 cu yds/hr
	304-355 mm	10-12.8 m	597 kW	418 kW	75 kW	345 m3/hr

Analysis of dredge specifications provided by Ellicott Machine Co. shows that 460 SL and 670 HP dredges are designed at dry weight of approximately 51 tons and 56 tons,

respectively. Analysis shows that for mobilization (water loading/offloading) of these types (weight) of dredges would require large cranes with significant boom lift capacities.⁶

In addition, analysis of dredge specifications shows the widths (beams) of these dredges are equal to 23 ft and 21 ft, respectively. It appears that dredges of these widths may restrict dredging operations between the slips in some of the marinas. For example, using aerial photographs, it was estimated the width between some slips at Charleston Marina Inner Basin is 22-25 ft and smaller. Figure 7 shows the part of the marina with the scale. It is likely that the dredging operation using a 460 or 670 dredge between such narrow slips may not be feasible, or would be conducted at a very low production rate. Therefore, these two dredges were not considered further as potential candidates for the South Oregon Ports dredging project.

For the purpose of the current study (evaluation of feasibility), three hydraulic dredges were selected: 1) Ellicott 12-inch hydraulic cutterhead dredge 370 HP Dragon; 2) Ellicott 8-inch Swinging Ladder Dredge 360 SL; and 3) 8-inch Toyo pump⁷.

The **370 HP Dragon dredge model** is a small, portable cutterhead dredge manufactured by Ellicott Dredges, LLC. Figure 8 shows a general view of a 370 HP model dredge. The 370 HP series is manufactured with a suction pipe with a 12-inch diameter intake and a 10-inch diameter discharge pipe. Maximum dredging depth is 20 ft.



Figure 7. Charleston Marina Inner Basin, measured distance between slips

Typically, the 370 HP model is used for small navigational projects, marinas, approach channels and canals, inland waterways, etc. Technical and performance characteristics of this dredge are presented in Appendix C.

⁶ For example, a 110 MT Crawler Crane has boom lift capacity of only 36 tons at a load radius of 30 ft.

⁷ However, if one or a combination of the dredges is found feasible and approved for purchase, a different model of dredge may be selected during the acquisition process.



Figure 8. Hydraulic Cutterhead Dredge 370 HP owned by Port of Willapa Harbor, WA

The *360 SL Swinging Ladder Dredge model* is a small (8-inch discharge and 8-inch suction pipes), highly portable cutterhead dredge, manufactured by Ellicott Dredges, LLC. Figure 9 shows a graphic of the 360 SL dredge model. The maximum dredging depth of the 360 SL series is 15 ft.

The cutterhead of the 360 SL model operates on spuds and swings without wires and anchors. The dredge is designed to conduct dredging work for small navigational and restoration projects. Technical characteristics of this dredge are presented in Appendix C.

The *Toyo 8-inch Pump* is a small submersible pump capable of agitating and picking up bottom sediment, and transporting the material through an attached pipeline. A photograph of the 8-inch Toyo pump is shown in Figure 10. The pumping distance of the dredge slurry (i.e., water and dredge material) by the Toyo pump is limited. This equipment may not be feasible or require a booster pump for dredging projects with any significant distance of pumping⁸. For the purpose of analysis, it was assumed the maximum pumping distance (without a booster pump) of DP-75B, with an 8-inch Toyo pump is 2,000 ft.

⁸ Because of those limitations, use of the Toyo pump will likely be limited to a few of the subject projects.

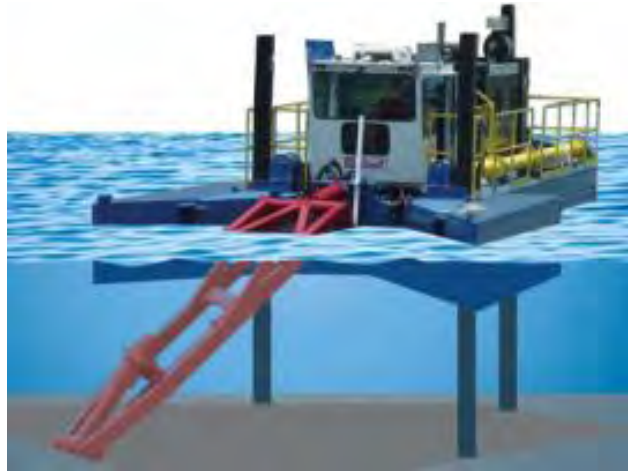


Figure 9. Computer model image of Ellicot 360 SL model

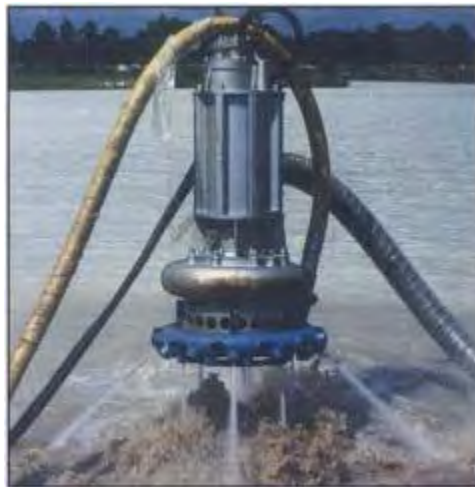


Figure 10. General view of Toyo pump

Three dredging equipment alternatives were developed as single and combinations of the above-discussed dredging equipment:

- Alternative 1: 12-inch hydraulic cutterhead dredge (370 HP).
- Alternative 1: Combination of a 12-inch hydraulic cutterhead dredge (370 HP) and an 8-inch Toyo pump.
- Alternative 3: Combination of an 8-inch Swinging Ladder Dredge (360SL) and an 8-inch Toyo pump.

Evaluation and comparison of the dredging equipment alternatives were conducted based on analysis and estimates of yearly production rates and ownership/operational costs. The results of evaluation are presented below in Sections 5 and 6.

5. Dredging Equipment Alternatives Production Rates

5.1. Input Data

The hourly dredging production rate depends on numerous factors such as dredging depth, physical characteristics of dredged sediment, distance to disposal sites, etc. Considering that most of these factors differ from one location to another, the hourly (and later the yearly) production rates were computed for each of the applicant Port's dredging projects separately.

The major technical information for computation of production rates, including the type of dredged sediment and distance to the appropriate disposal site, was organized and is presented in Table 7 for each dredging project.

Table 7. Technical Information for Computation of Dredge Equipment Production Rate

Dredging Location	Sediment Type	Approximate Distance to In-Water Disposal Site (miles)
Port of Siuslaw Marina	Poorly Graded Sand (Coarse sand)	<0.5*
Port of Umpqua - Salmon Harbor Marina West Basin	Fine Sand and silt/clay	0.7
Port of Umpqua - Salmon Harbor Marina East Basin	Fine sand and silt (silt)	1.0
Charleston Marina Complex	Poorly graded sand and silt (Medium sand)	1.0
Charleston Shipyard	Sand and Silt/Clay (silt)	1.5
Port of Bandon Boat Basin and Launch Ramp	Silt/Clay with Organics (silt)	0.3
Port Orford	Poorly graded sand with shell hash (coarse sand)	0.2
Port of Gold Beach Basin	Silty Sand (silt)	0.7
Port of Brookings Harbor Marina	Silty Sand and Sandy Silt (silt)	0.9
*Hypothetical flow lane disposal site that needs to be investigated .		

Please note that some information related to the location and capacity of the dredged material disposal sites in the table was assumed (rather than using actual data). The assumptions were made to resolve the limitations on use of dredging equipment because of absence of nearby open water dredged material placement sites (i.e., Port of Siuslaw, and others listed below), or limited capacity of these sites (i.e., Port Orford). The following describes the basis of these assumptions:

- **Port of Siuslaw:** Based on available information, the only two available and permitted disposal sites at the Port of Siuslaw are located at the entrance to the Siuslaw estuary at the USACE's ocean dredged material disposal sites (ODMDS). A brief review and analysis of bathymetry data was conducted to determine the possibility of suitable flow lane disposal sites within the Siuslaw River. Based

upon this brief review, a potential flow lane disposal site was identified at a distance of approximately 0.5 mile from the dredging site at the Port of Siuslaw. Further detailed analysis is required to determine the feasibility of this flow lane disposal site, and to prepare sufficient data for the permitting process.

- **Charleston Marina:** At the time of analysis, the Site G open water placement site was not available due to limited capacity. Based upon a brief review of available bathymetric data, a possible flow lane disposal site in close proximity to the marina was identified conceptually. The distance from the Charleston Marina Complex dredging projects to this possible flow lane disposal site is in the range of approximately 1 to 1.5 miles. Similar to the Port of Siuslaw, further detailed analysis is required to determine the feasibility of a Charleston Marina flow lane disposal site and to prepare sufficient data for the permitting process.
- **Port of Bandon:** At the time of study, only two available and permitted disposal sites were identified: the Coquille Section 102 Placement Area and Coquille Interim Placement site, both of which are USACE ODMDS sites located at an open Pacific Ocean area outside of the Coquille River Estuary. Based upon a brief review of available bathymetric survey data, a possible flow lane disposal site in close proximity to the Port's facilities was identified conceptually. The distance from the Port of Bandon dredging projects to the potential flow lane disposal sites is relatively small, not exceeding approximately 0.3 mile. Further detailed analysis is required to determine the feasibility of the Port of Bandon flow lane disposal site and to prepare sufficient data for the permitting process.
- **Port of Gold Beach:** At the time of analysis, there was no available open water disposal site in the Roque River estuarine/riverine system. Based upon a brief review of available bathymetry and aerial photography data, the possibility of a beach nourishment/flow lane disposal site at the north jetty was identified conceptually. The distance from the Port of Gold Beach dredging projects to this possible flow lane/beach nourishment site is estimated at 3,500 ft. Further detailed analysis is required to confirm feasibility of this flow lane disposal/beach nourishment site and to prepare sufficient data for the permitting process.
- **Port of Brookings Harbor:** At the time of analysis, there was no available open water disposal site in the Chetco River estuarine system. The known Chetco River ODMDS is located at the open ocean, approximately one mile from the Chetco River entrance channel and 1.5 miles from the Port of Brookings Harbor dredging projects. This disposal site is not applicable for placement of dredged material with any of the considered selected dredging equipment. Based upon a brief review of bathymetry survey data, a potential beach nourishment/flow lane disposal site at the north jetty was also identified conceptually. The distance from the Port of Brookings Harbor dredging projects to this possible flow lane/beach nourishment sites is estimated at 4,500 ft. Further detailed analysis is required to confirm feasibility of this flow lane disposal/beach nourishment site and to prepare sufficient data for the permitting process.
- **Port Orford:** At the time of study, only two available and permitted disposal sites were identified. The Port Orford Breakwater Placement Site, with a maximum capacity for placement of approximately 7,000 cy/year of sediment via hydraulic

pipeline only; and Port Orford Near-shore Placement Area, with a maximum capacity of 30,000 cy. Both are ODMDS sites. Based upon a brief review of available bathymetric survey data, the possibility to increase the capacity of the Port Orford Breakwater Site was conceptually identified. This (breakwater) site with increased capacity for dredged material placement was further assumed in the evaluation of dredged material placement alternatives. Further detailed analysis is required to confirm the feasibility of a Port Orford flow lane disposal site and to prepare sufficient data for the permitting process.

5.2. Hourly Production Rates

The performance characteristics of alternative dredging equipment for calculating production rates were requested and provided by the following dredge manufacturing companies: 1) Ellicott Dredges, LLC for the cutterhead dredges Dragon 360 SL and 370 HP equipped with a Swinging Ladder; and 2) Toyo Pumps North America Co. for their Toyo Pump DP-75B. Performance characteristics generally define relationships between the dredge production rate and various parameters controlling this production rate including pipeline length, type of dredged material, dredging cut dimensions, etc. To account for specific conditions at the dredging projects (sediment characteristic and dimensions of dredging cuts) the provided performance characteristics were adjusted by correction factors. For example, Ellicott 370 HP Dragon dredge production rates for silts was adjusted by a multiplier of 0.8 to account for dredge material that is represented by sand/silt/clay composition.

Using the sediment characteristics and disposal site distances data from Table 7 above and the adjusted performance characteristics of selected dredging equipment, the hourly production rates were calculated for each dredging project for the applicant Ports. The results of these calculations are presented in Table 8⁹.

5.3. Yearly Production Rate-Total Hours to Complete Maintenance Dredging Work

The yearly production rate is based upon the hourly production rate, and would vary correspondently (as shown in Table 8), depending on the sequence of projects to be dredged during the year considered. Therefore, instead of yearly production rates, calculations were performed to estimate the total required hours to complete maintenance dredging projects at all ports (approximately 63,000 cy) for each dredging alternative. The time duration to complete maintenance dredging volumes at each dredging project was determined as a ratio between the volume of dredging (Table 2) and production rate of the dredging equipment (Table 8). The results of the calculations are summarized in Table 9.

⁹ As discussed above, it was assumed the maximum pumping distance of slurry for an 8-inch Toyo pump would be 2,000 ft. Therefore, the applicability of the Toyo pump is limited to two dredging projects only, Port Orford and the Port of Bandon.

Table 8. Dredging Equipment Hourly Production Rates

Dredging Project	370 HP Hourly Production Rates (cy/hour)	360SL Hourly Production Rates (cy/hour)	8" Toyo Pump Production Rates (cy/hour)
Port of Siuslaw Marina	100	58	N/A
Port of Umpqua - Salmon Harbor Marina West Basin	173	141	N/A
Port of Umpqua - Salmon Harbor Marina East Basin	160	122	N/A
Charleston Marina Complex	180	137	N/A
Charleston Shipyard	134	102	N/A
Port of Bandon Boat Basin and Launch Ramp	185	160	84
Port Orford	126	67	49
Port of Gold Beach Basin	134	117	N/A
Port of Brookings Harbor Marina	134	100	N/A

Table 9. Dredging Alternatives Yearly Production Rate - Time to Complete Maintenance Dredging Based Upon Type of Equipment

Alternative	Estimated Hours to Complete Maintenance Dredging at all Ports (hrs)	Total Available Hours per Year (hrs)
12-inch 370 HP	433	360
10-inch 360 SL	610	360
12-inch 370 HP & 8-inch Toyo Pump	353	360
10-inch 360 SL & 8-inch Toyo Pump	460	360

The estimate of total available hours for conducting maintenance dredging at the applicant ports was conducted using the following set of operational assumptions:

- The dredging window is limited to four months: November, December, January, and February.
- Working days per month: 24 days.
- Working hours per day: 8 hours.

- Effectiveness of dredging operations = 65%, implying that 35% of the time the dredge will work at a low production rate or stand-by due to weather conditions, maintenance, and/or other factors.
- Number of dredging projects per year = 2. This implies that mobilization and demobilization will occur two times per year.
- Time duration of one mobilization/demobilization cycle is 4 days, including mobilization of the dredge, assembling/disassembling pipeline, workboat, anchoring, etc.
- Cost for storage of dredging equipment (if any) is not included.

Based upon the above assumptions, it was estimated that a total of approximately 360 hours per year is available to conduct maintenance dredging at the Ports. Comparing the available 360 hours per year to the yearly production rates, it appears that a combination of a 12-inch Dragon 370 HP and 8-inch Toyo pump would be able to satisfy estimated yearly maintenance dredging requirements of 63,000 cy of sediment per year. This alternative is selected for estimating operational costs (See below).

5.4. Section Summary

The data to compute dredging equipment production rates were organized and summarized. The assumptions were made on availability in the future of nearby flow lane disposal/beach nourishment sites at most of the ports. It is strongly recommended that further detailed analysis be conducted to confirm feasibility of the assumed flow lane disposal/beach nourishment sites; and if feasible, to prepare sufficient data for the permitting process.

Using local sediment characteristics, data on dredging and disposal sites, and the adjusted performance characteristics of selected dredging equipment, the hourly production rates were calculated for each dredging project for the applicant Ports and are presented in Table 9 above.

Calculations were performed to estimate the total required hours to complete maintenance dredging projects at all ports for each dredging equipment alternative. Based on these calculations, it was estimated that a combination of a 12-inch Dragon 370 HP and 8-inch Toyo pump would be able to satisfy estimated yearly maintenance dredging requirements (63,000 cy of sediment per year). This alternative is selected for further estimating of dredging equipment and operations costs.

6. Cost Considerations

6.1. Operational Costs Estimates

As discussed above, the estimate of operational cost was performed for the dredging equipment alternative that includes a combination of an Ellicott cutterhead dredge 370 HP and an 8-inch Toyo pump. The following assumptions (in addition to that discussed above in the Production Rates section) were used to estimate the operational costs:

- During dredging, the operating crew for each 370 HP cutterhead dredge and for the Toyo pump includes 2 staff personnel; an operator and a deckhand. During mobilization (demobilization), the crew will include 3 staff personnel for the 370 HP, and 2 staff personnel for the Toyo pump.
- Hourly labor paid rates were assumed to be \$20 per hour for an operator, and \$15 per hour for a deckhand.
- Dredge personnel overhead was accounted for as 1.2 of yearly salary.
- Diesel price is considered fixed and equal to \$4.25 per gallon.
- No expenses on monitoring (if needed), licensing fee, and permit-related expenses are included.

Using the above assumptions, the yearly operational cost for the dredging equipment alternative that includes a 370 HP cutterhead dredge and a Toyo pump was estimated to be approximately \$244,000 per year. The operational cost breakdown is also shown in Table 10.

Table 10. Dredging Equipment Operational Costs Breakdown

	370 HP	Toyo Pump
Labor	\$61,600	\$18,500
Fuel	\$89,200	\$13,800
Maintenance	\$16,400	\$4,800
Mobilization	\$15,400	\$7,800
Insurance	\$8,000	\$8,000
Total per Dredge	\$190,600	\$52,900
Total per Equipment		\$243,500

Please note that the estimated operational costs are sensitive to the assumptions that were used in the analysis. A change of one assumption (specifically related to production rate) may dramatically change the operational cost. For example, if more than two projects need to be dredged during one year, the selected equipment would not be capable of completing dredging of the required 63,000 cy of sediment. It would create a “domino” effect that would result in an increase in operational costs of up to 25-50 percent, or more. The same effect may occur if an assumption of a flow lane disposal site, or mobilization time, or other assumptions are not valid and need to be modified. Therefore, the data and results of production calculations presented above in Table 9 should be used only in the context of the assumptions presented in the report. For practical purposes in the future, considering uncertainties with assumptions, we recommend using a range of possible operational costs, instead of one fixed number. The dredge equipment operational cost estimated above of approximately \$243,500 should be considered as a lowest possible value of this range. We recommend using a safety factor of 1.75 to obtain the upper value of the possible operational cost for the dredging equipment.

6.2. Purchase Cost Estimate

The estimate for purchase of dredging equipment herein is limited to the hydraulic cutterhead dredge and associated auxiliary equipment which includes pipeline, fusion machine, skiff, and anchors. The estimates herein were obtained mostly upon communicating with the manufacturing companies and obtaining their quotes. It is likely that the estimates presented herein are subjective to market conditions, and may change with time.

Equipment	Unit	Cost	Comments
Cutterhead Dredge	1	\$535,000	Delivery, engineering services, and training are included
Skiff	1	\$40,000	
Pipeline 12"	4,000 ft	\$84,500	With delivery
Fusion machine	1	\$78,000	With delivery and training
Anchors	2	\$3,000	
Total without Contingencies and Taxes		\$740,500	

6.3. Ownership Cost

Ownership cost accounts for allowances on depreciation and facilities capital cost of money, and was computed based on the stipulation of USACE' recommendations from Constructing Equipment Ownership and Operating Expense Schedule, ER 1110-1-8 Volume 3, November 2009. Computation of the ownership cost was limited to the cutterhead hydraulic dredge 370 HP and Toyo pump. All expenses (including purchase) related to pipeline and auxiliary equipment was not included in the ownership computations. The major assumptions that used for computations of ownership cost are as follows:

- Purchase price for 370 HP = \$535,000
- Purchase price for Toyo pump = \$60,500
- Life expectancy = 30 years
- Tax on sale is not included
- Salvage value Factor = 0.05

As result of computations, ownership cost of a hydraulic cutterhead dredge Dragon 370 HP was estimated at approximately \$21,600 per year. Ownership cost of a Toyo pump was estimated at \$6,950. Total ownership cost for a 370 HP and Toyo pump is estimated at \$28,550.

6.4. Summary of Cost Considerations

As discussed above, the operational cost of dredging equipment is sensitive to the assumptions that were used in the analysis. Due to possible uncertainties with these assumptions, a range of possible operational costs between \$243,500 and \$426,200 is recommended for comparison and practical purposes in the future.

The purchase price of dredging equipment based on quotes from the manufacturing companies was estimated at \$740,000. However, it should be noted that this estimate will be a subject to change upon market conditions, and likely may increase.

The ownership cost of a hydraulic cutterhead dredge Dragon 370 HP and Toyo pump was estimated at approximately \$28,550 per year. Since there is no agreement between South Oregon Ports and the State of Oregon on ownership of the dredge, the allocation of ownership costs is not clearly defined. For the purpose of this study, it is assumed that the ownership cost is allocated to the South Oregon Ports. Therefore, a total operational and ownership cost would yield a range between approximately \$261,000 and \$454,000 per year.

Using the above combined operational and ownership costs, the relative cost for dredging of 1 cu yd of sediment, on average, for all seven ports is estimated to be in the range between \$4.3 and \$7.2 per cubic yard. This estimate is relatively well compared to the information obtained from the other ports that owns and operates a dredge for maintenance dredging purposes. For example, from a personal communication with the Port of Willapa, it was found that, on average, a maintenance dredging cost at the port's facilities (Tokeland Marina and Bay Center Channel) is in a range between approximately \$6 to \$8 per cy.

Direct comparison of the estimated costs above to the costs of dredging conducted by various dredging contractors is not simple, and is complicated by different site conditions, contract arrangements, economic considerations/factors, etc. For example, based in information from the Port of Brookings, the cost of 2011 dredging was approximately \$18 per cy. However, this cost may not be directly compatible to the regular maintenance dredging to be performed at the Port of Brookings and other ports. First, 2011 dredging was conducted during the summer-early fall period (versus late fall-winter period for maintenance dredging). Second and not lastly, 2011 dredging was conducted as an emergency measure that probably resulted in less efficiency of dredging operations due to lack of planning and preparation time. In general, based upon experience from other projects and published information, it is likely that the estimated dredging cost to dredge the Southern Oregon Ports with their own equipment would be more economical than conducting dredging by hiring a dredging contractor.

7. Summary and Recommendations

The yearly volume of sedimentation and maintenance dredging requirements, respectively for all Southern Oregon Port's dredging projects is estimated to be 63,000 cy per year. Considering the different rates of sedimentation, the volume of dredging at individual dredging projects may vary from year to year; however, the total volume of dredging per year for all ports should not be less than 63,000 cy.

Because of non-regular and non-systematic maintenance dredging practices, a significant amount of sediment (*backlog*) of approximately 700,000 cy has accumulated in the marinas, navigation channels, and other facilities of the applicant Southern Oregon Ports. Considering the directions of IFA and recommendations from the joint IFA and Ports meeting (April 25,

2014 in Coos Bay, Oregon) the current strategy considered is dredging of the backlog as a separate dredging project, and focusing on the maintenance dredging requirements only.

Three hydraulic dredges were selected and evaluated in conjunction with possible dredging equipment alternatives for the ports: a 12-inch hydraulic cutterhead dredge 370 HP Dragon; an 8-inch Swinging Ladder Dredge 360SL; and an 8-inch Toyo pump. Upon the evaluation it was found that a combination of a 12-inch Dragon 370 HP and an 8-inch Toyo pump would be able to satisfy yearly maintenance dredging requirements, 63,000 cy of sediment per year.

Based on technical characteristics and operational costs and taking into consideration the assumptions related to the disposal sites, it appears that the dredging equipment alternatives, consisting of a 12-inch cutterhead hydraulic dredge (370) HP with a discharge pipeline of 12 inches and an 8-inch Toyo pump dredge, is feasible for providing sufficient maintenance dredging at all seven Southern Oregon Port's dredging projects. This alternative of dredging equipment is recommended for further consideration by IFA as the preferred alternative.

Considering the sensitivity of costs to assumptions that were used in the analysis and uncertainties with these assumptions, the operational costs is estimated to be in the range from between \$243,500 to \$426,200.

The ownership cost of a hydraulic cutterhead dredge Dragon 370 HP and Toyo pump was estimated to be approximately \$28,550 per year. Since there is no agreement between South Oregon Ports and the State of Oregon on ownership of the dredge, the allocation of ownership costs is not clearly defined. For the purpose of this study, it was assumed that the ownership cost is allocated to the South Oregon Ports.

The relative cost for dredging of 1 cy of sediment, on average, for all seven ports is estimated to be in the range between \$4.3 and \$7.2 per cy. This estimate is well compared to the information obtained from other ports that own and operate a dredge for maintenance dredging purposes. For example, from a personal communication with the Port of Willapa, it was found that, on average, a maintenance dredging cost at the port's facilities (Tokeland Marina and Bay Center Channel) yields approximately a range between \$6 and \$8 per cy.

The purchase cost of dredging equipment was estimated for the 370 HP model cutterhead dredge, understanding that the purchase of an 8-inch Toyo pump would not be required. The estimated purchase cost, including delivery and training, is approximately \$740,000. Prior to making a decision on purchases of dredging equipment, it is strongly recommended to identify and implement a strategy for eliminating or reducing the backlog dredging quantities.

**Oregon International Port of Coos Bay
Strategic Business Plan
Coos Bay, Oregon**

**Appendix G
Port Policies**

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POLICY 1.1: GOVERNANCE BY POLICIES

A. GOVERNANCE BY POLICIES:

The primary duty and function of the Board of Commissioners is to establish policies for the governance of the Port. It is the policy of the Board to delegate to the Chief Executive Officer and staff, the responsibility for the day-to-day administration of the Port, in a manner consistent with the policies and directions of the Board.

B. COMPLIANCE WITH LAW:

Policies shall comply with all applicable Federal, State and local laws and regulations. If any policy or portion thereof is found to conflict with any local, State, or Federal law or regulation, such policy shall be deemed void without further Board action. It shall be the responsibility of all Port personnel to bring any such conflict to the Board's attention immediately upon discovery.

C. COMPLIANCE WITH POLICIES:

All Port personnel shall comply with the policies adopted by the Board of Commissioners. Any failure to comply may constitute grounds for disciplinary action or termination.

D. POLICIES DO NOT CREATE RIGHTS:

Policies of the Port shall not create any enforceable right, contract, employment agreement or expectation on the part of any person; and any deviation from a Port policy shall not in itself render any Port action invalid, void or voidable, nor shall such deviation constitute evidence of negligence. The Board may deviate from policy when to do so serves the public interest or would avoid hardship as the Board may determine.

E. BOARD ADOPTION, AMENDMENT, AND REPEAL OF POLICIES AND OTHER REGULATIONS:

The Board shall base its regulations on the best available information and input from affected parties. Whenever the Board enacts amends or repeals any policy or other regulation, it shall do so in accordance with ORS 198.510 to 198.600. A copy of these statutes is attached as an Appendix.

F. COMPILATION OF POLICY MANUALS:

The Chief Executive Officer shall compile all of the policies adopted by the Board into a Port Policy Manual. The Chief Executive Officer shall be responsible for updating the Manual regularly.

G. DISTRIBUTION OF POLICY MANUALS:

An updated Policy Manual shall be kept at each office, or other facility maintained by the Port. The following persons shall maintain an updated Manual:

1. All Board members;
2. Chief Executive Officer; and
3. Other persons designated by the Chief Executive Officer or the Board.

H. PORT POLICY MANUAL TO BE AVAILABLE TO THE PUBLIC:

The Policy Manual is a public record. At least one copy of the updated Policy Manual shall be available for inspection and use by the public at the Port's main business office during regular business hours.

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POLICY 2.1: MEMBERSHIP ON THE BOARD OF COMMISSIONERS
(See ORS 777.935 in Appendix)

A. POSITIONS AND TERMS:

1. The Board of Commissioners of the Port District shall consist of five (5) members serving four-year staggered terms. No person shall be eligible to be a Board member who has not at the time of appointment been a resident of the Port District for at least one year.

B. APPOINTMENT OF BOARD MEMBERS:

The appointment of Board members shall be granted by the Governor of the State of Oregon, as provided in Oregon Revised Statutes, Chapter 777.

C. OATH OF OFFICE:

Each newly appointed Board member shall take an oath of office given by the State of Oregon and at a Board meeting, prior to assuming the duties of the position.

D. TERM OF OFFICE - STARTING DATE:

Except where the Board member is filling a vacancy, terms of office shall begin upon appointment by the Governor and confirmation by the Senate.

E. VACANCIES:

Vacancies on the Board shall be filled by appointment by the Governor of the State of Oregon, and confirmed by the Oregon Senate. The period of service of a person appointed to fill a vacancy shall be to complete the rest of the term they are filling. At that time the Governor shall either appoint another Board member, or reappoint the person filling the vacancy. If the Governor does not make an appointment prior to the expiration date, the person in that position shall continue to serve until an appointment or reappointment is made and confirmed by the Senate. (See ORS 777.935 in the Appendix).

POLICY 2.2: POWERS AND DUTIES OF THE PORT'S BOARD OF COMMISSIONERS

A. MEETING THE NEEDS OF THE PORT DISTRICT:

It is the policy of the Board of Commissioners to exercise those powers granted to it, and to carry out those duties assigned to it by law, in such a way as to best meet the needs of the Port District.

B. FORMULATION AND INTERPRETATION OF PORT DISTRICT POLICY:

The most important activity of the Board is the formulation and interpretation of Port District policies. The Board shall establish policy, reserving to itself all authority and responsibility not expressly assigned to other Port District officers and personnel.

C. BOARD MEMBERS AUTHORIZED BY OFFICIAL BOARD ACTION ONLY:

1. No individual Board member may speak or act on behalf of the Board of the Port District, except as authorized to do so by official Board action as recorded in the official minutes, guidelines or policies of the Port District.
2. No member of the Board of Commissioners or staff may bind or commit the Oregon International Port of Coos Bay to leases, rents, sales, trade of real property, nor to provide subsidies, buildings, infrastructure, fences, roads, telephone or similar services, staff assistance, nor commit to agreements of intent without the express, voted-upon consent of the Board of Commissioners ratified at a public meeting, except as provided in Chapter 13, Sections 1 and 2 of this manual. (Adopted by the Board of Commissioners 3/16/06). All agreements will be in writing, not oral, or they will not be valid. (Adopted by the Board of Commissioners at their 4/14/89 Regular Meeting).

D. ETHICAL STANDARDS:

Board members shall adhere to the highest ethical standards in the conduct of Port District business and will follow the State Ethics rules.

E. BOARD MEMBER EDUCATION:

In order to carry out their duties effectively, Board members must be adequately informed. Members are encouraged to attend such conferences and other training programs as the Board may authorize.

POLICY 2.3: BOARD MEMBER ORIENTATION

A. COOPERATION WITH BOARD APPLICANTS:

The Board, through staff, shall cooperate impartially with the applicants for the Board and provide them with information about Board policies, administrative regulations and other aspects of the operation of the Port District.

B. ORIENTING NEW BOARD MEMBERS:

The Board and its staff shall assist each new appointee to understand the Board's functions, policies and procedures before he/she takes office. The following methods shall be employed:

1. New members shall be invited to attend and participate in public Board meetings prior to being sworn in.
2. The Chief Executive Officer shall provide material pertinent to Port District meetings and respond to questions regarding such material.
3. New members shall be invited to meet with the Chief Executive Officer and other Port District personnel to discuss the services each performs for the Port District.
4. The Chief Executive Officer shall give each new Board Member:
 - a. An updated copy of the Port District's Policy Manual;
 - b. A copy of the Attorney General's "Public Records and Meetings Manual";
 - c. Copies of the minutes of all Board meetings, except for executive sessions, for the preceding four (4) months;
 - d. Copies of the Port District's last two (2) budgets;
 - e. Summaries of the Port District's insurance policies;
 - f. Copies of all such documents as Port Counsel may recommend with respect to any pending claims or lawsuits;
 - g. A list of all Port District personnel by position; and
 - h. Such other materials as the Board may direct or the Chief Executive Officer deems appropriate.

POLICY 2.4: REIMBURSEMENTS OF BOARD MEMBER EXPENSES

A. BOARD MEMBER COMPENSATION AND REIMBURSEMENT:

Pursuant to ORS 198.190, Board members may receive daily compensation not to exceed \$50.00 for their services on the Board. Board compensation shall be set by a majority vote of the Board. Board members shall also be reimbursed for their actual and reasonable travel and other expenses incurred in the performance of official Port District duties. Resolution number 2001/2002 - 9 authorizes certain expenses to be part of the compensation for volunteers, employees, officers and agents. A copy of this Resolution is included in the appendices section as a reference.

B. REIMBURSEMENT DOCUMENTATION:

Board members incurring reimbursable expenses shall submit proper documentation of such expenses to the Chief Executive Officer or Finance Department for reimbursement by the Port District.

**POLICY 2.5: WORKERS COMPENSATION INSURANCE COVERAGE FOR
VOLUNTEERS OF THE OREGON INTERNATIONAL PORT OF COOS BAY**
(Resolution No. 1999/00 - 01 & Resolution No. 06/07-9)

The Oregon International Port of Coos Bay elects, pursuant to ORS 656.031, to provide Workers Compensation Insurance coverage for persons designated by the Port District as volunteers. The assumed wage will equal the minimum amount established by law. (This would also include Port Commissioners appointed by the Governor, and who receive no compensation).

POLICY 2.6: REPORTS TO THE LEGISLATIVE ASSEMBLY

Reports shall be made by the Board of Commissioners to the Legislative Assembly of this State biannually, to include Port District activities completed or performed by the Board under Chapter 777, Oregon Revised Statutes.

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**Policy 11A.1: REGULATIONS OF ALL PROPERTIES OWNED BY THE OREGON
INTERNATIONAL PORT OF COOS BAY**

A. REGULATIONS HAVING GENERAL APPLICATION: Provisions of this Division apply to properties owned, managed or controlled by the Port including, but not limited to, the following: Charleston Marina Complex, Citrus Dock, ORCAS Dock, North Bay Marine Industrial Park (North Spit), Eastside property and Business Center.

B. PROPERTY MANAGEMENT: The Commission shall provide for the management of property owned, controlled or operated by the Port; and hereby delegates to the Port's Chief Executive Officer to carry out specific functions of such management. The Chief Executive Officer, or such persons as may be designated by the Chief Executive Officer, shall manage such properties in an orderly and efficient manner, provide for the collection of fees for services and keep records of the receipt and disbursement of funds.

C. PROPERTY OFFENSES: The following acts are unlawful:

1. Erecting signs or other structures on Port property without written permission of the Port.
2. Discharging firearms on any property owned or managed by the Port, without prior written authorization from the Chief Executive Officer (CEO), or his designee. The CEO, or designee, may issue written authorization to permit the discharge of firearms on any property owned or managed by the Port for the limited purpose of controlling predators or invasive species.
3. Building fire on Port property without permission of the Port.

D. REMOVAL, DISPOSAL AND SALE OF VESSELS AND OTHER PROPERTIES WHICH ARE ABANDONED, HAZARDOUS OR ON WHICH THERE ARE UNPAID CHARGES:

1. Definitions: For purposes of this section, the following definitions will apply:
 - a. A vessel shall be deemed abandoned if the vessel is not registered with the Port within 12 hours of commencement of use of Port moorage; or the vessel is not removed from Port facilities as required under provisions of this Ordinance covering hazardous vessels and termination of moorage.
 - b. Personal property, other than vessels, shall be deemed abandoned if the property is left on or in Port facilities without identification, evidence of ownership, or notification to the Port of ownership for a

period of more than five (5) days; or personal property identified to a vessel is left on or in Port facilities in excess of 90 days after expiration of the moorage license agreement for resident vessels or in excess of five (5) days after expiration of the moorage license agreement for transient vessels and guest boats, provided that personal property or gear associated with a vessel which is deemed abandoned under this ordinance shall likewise be deemed abandoned.

c. A hazardous vessel is one which is determined by the Harbormaster to be unseaworthy or in a state of disrepair which if unduly prolonged could endanger the marine environment or life or property or become a hazard to navigation.

d. Moorage is any place where a vessel lies when at anchor or is made fast to a dock or is laid alongside another vessel made fast to a dock, and shall include side and multi-side ties.

2. Removing or Securing Vessels or Personal Property and Public Sale: The Port may, at its option, employ the following procedures for the collection of delinquent moorage or storage charges, securing or removing vessels or personal property in cases of delinquency or abandonment, and public sale of vessels and personal property:

a. Prior Notice to Owner and Operator. At least thirty (30) days prior to securing or removal of a resident vessel, the Port shall give the owner a notice setting forth the charges owing and stating that the Port may terminate the moorage license or other ongoing service and seize the vessel or other property if the charges are not paid within thirty (30) days of the date of the notice. The notice shall be delivered by: (A) Posting the notice on the vessel or personal property; and (B) personal delivery to the owner or certified mail, return receipt requested, to the owner at the last address provided to the Port by the owner. The foregoing notice shall be given by the same methods to the operator registered with the Port if different than the owner. In the case of abandoned vessels or property, or where no address was furnished by the owner/operator, the Port is not required to give the foregoing notice prior to securing or removing the vessel or personal property.

b. Securing Vessels and Personal Property: In cases of delinquency or abandoned vessels or personal property, the Port may take reasonable measures including, but not limited to, the use of chains, ropes, and locks, removal from the water, or removal to storage area to secure vessels and other personal property so that

the same are in the possession and control of the Port and cannot be removed from Port facilities.

c. Notice of Securing Vessel or Personal Property: At the time of securing a vessel or other personal property, an authorized Port employee shall attach to such vessel or property a notice which shall contain the following information:

- I. The date and time of the notice was attached;
- II. A statement that if the account, together with all expenses incurred in securing the vessel or property and the Port's collection costs, is not paid in full within sixty (60) days of the date of such notice, the vessel or personal property may be sold at public auction with proceeds applied to satisfy the Port costs;
- III. The address and telephone number where additional information may be obtained concerning release of the vessel or personal property;
- IV. The notice may also establish the date and time the public auction is to be held and give other information for notices of foreclosure sales under ORS 87.192 (4).
- V. Notice of securing a vessel or personal property shall be sent to the owner and, if different, to the operator thereof, by certified mail, return receipt requested, at the last address provided to the Port by the owner and/or operator.

3. Recovery of Possession by Owner or Operator: The owner or operator of a vessel or personal property secured by the Port may recover possession as follows:

- a. By making payment to the Port of all Port charges including costs incurred in securing the vessel or property, notification costs, and other collection costs; or
- b. By entering into a written agreement satisfactory to the Port for installment payments of the unpaid balance, collection, and other costs, in addition to the payment of future charges when due and, in the case of commercial vessels or commercial property, execution of a confession of judgment for the unpaid sums due at the time of filing of such confession of judgment, including costs, collection expenses, and attorney fees; or

c. By posting with the Port a sufficient cash bond or other acceptable security to be held in trust by the Port pending resolution of any disputed Port charges in a civil action in a court of competent jurisdiction. Upon entry of final judgment in such court, including appeals, or upon any settlement of such dispute between the parties, the trust shall terminate and the Port shall receive so much of the bond or other security as is agreed or as is necessary to satisfy any judgment, costs and interests as may be awarded to the Port. If personal or real property was pledged as security, it shall be executed upon in the manner provided by law.

4. Procedure for Public Sale: If a vessel or other personal property has been secured and the owner or operator does not regain possession by the above methods, the Port may, at its sole option, elect to sell the vessel or property at public sale. Gear or other personal property belonging to or associated with a vessel which has been secured and is being held for public auction under this ordinance may be sold at public auction along with such vessel. The Port adopts the procedures for notification, foreclosure, and sale provided by Sections 87.172 through 87.206, Oregon Revised Statutes for all sales of vessels and other personal property under this Ordinance, except for the sale of documented vessels. The Port may bid all or part of its charges and expenses at the sale and may become a purchaser at the sale. Sale proceeds shall be applied first to the costs of the sale, including attorney fees, then to discharge of shall be paid as provided by ORS 87.206. For the foreclosure and sale of documented vessels, in addition to the procedures provided herein, the Port shall comply with the requirements of Federal regulations contained in 46 CFR Ch 1, to the extent that they are in addition to or different from the requirements of this Ordinance.

5. Removal of Hazardous Vessels:

a. A hazardous vessel may immediately and without notice be moved by the Port, secured, placed in a storage or removed from the moorage facilities whenever reasonably necessary for the protection and safety of the Port's property, other navigation vessels or the environment. All risk of loss or damage resulting from such movement shall be borne by the vessel owner and/or operator. All expenses incurred by the Port, including charges for salvage services, are for the account of the owner and/or operator. In the event the vessel is moved to another location or facility, the vessel, its owner and its operator shall, in addition, be liable for the prevailing moorage rate and other fees charged at the location or facility to which the vessel is moved.

b. The Port shall give written notice requesting removal of hazardous vessels within fifteen (15) days of the date of such notice. Such notice shall be given by (1) posting the hazardous vessel, and (2) by personal delivery to the owner

or by certified mail, return receipt requested, to the last address provided to the Port by the owner.

c. The Port shall make a reasonable effort to give a notice requesting removal prior to moving a hazardous vessel where a non-emergency situation exists, however, the Port may move or remove hazardous vessel as it reasonably deems necessary for the protection of Port property, other vessels, navigation or the environment. If the Port moves the hazardous vessel without prior notice, notice requesting removal under this section shall be given as soon thereafter as practicable.

d. A hazardous vessel which remains in or on Port facilities in excess of fifteen (15) days from the date of the notice requesting removal may, at the opinion of the Port, be deemed an abandoned vessel.

e. In the event any such vessel shall capsize, sink or otherwise be disabled in such a manner as to be a hazard to navigation or use of Port facilities, all loss, damage or cost of removing the same shall be chargeable to the vessel owner/operator and/or the person lawfully in possession thereof and/or the person bringing the same onto the Port facilities.

E. TOWING ABANDONED VEHICLES: The Port may tow a vehicle that has been left on Port property and determined to be abandoned after completing the following procedure:

1. The Port shall affix a notice to the vehicle that the vehicle will be towed if it is not removed from Port property. Such notice must remain on the vehicle for 72 hours before the vehicle is towed from the property.

2. The Port shall notify the local law enforcement agency (Coos County Sheriff's Office) of intent to have the vehicle towed.

3. The Port fills out a form that contains (a) a description of the vehicle, (b) the location of the property from which the vehicle is to be towed, and (c) a statement that the Port has complied with ORS 98.830.

Policy 11A.2: CHARLESTON MARINA

- A. MARINA: The Charleston Marina includes the Small Boat Basin, the Shipyard, and other property managed by the Port in the Charleston area.
- B. MARINA REGULATIONS: At the Charleston Marina, it shall be unlawful for any person:
1. To drive a motor vehicle at speeds in excess of those posted by proper signs within the confines of the Charleston Marina.
 2. To park motor vehicles, boat trailers or other wheeled vehicles in excess of time limits or in places designated and marked "no parking" by the Harbormaster.
 3. To park or leave a motor vehicle unattended within the confines of the Charleston Marina or on the roads or streets adjacent thereto in such a manner as to cause obstruction or hazard to vehicle or foot traffic.
 4. To operate motor marine craft at speeds, or in a manner, dangerous or injurious to other craft or to persons or property.
 5. To park recreational vehicles upon the premises of the Marina except in the area that has been designated for this purpose by the Port Commission.
 6. To allow any animal within the Charleston Marina unless such animal is on a leash and controlled by the owner, or is on private property. Animals are not permitted on boats used as living quarters at the Charleston Marina and are not permitted on docks except to go directly to or from a boat and must be on a leash and controlled by the owner. No animal shall be left unattended on Marina property, and owners are required to clean up after their animals. Boat owners or users violating or permitting the violation of a provision of this paragraph will be required to pay a charge of \$25.00, and may be denied the use or rental of Port facilities for repeated or continuing violations.
 7. To use the facilities of the Charleston Marina without payment in advance of the established fees. The Harbormaster or such other person as may be designated by the Harbormaster, is hereby authorized to impound the equipment, trailers, boats or automobiles of persons using the facilities without paying in advance therefore.
 8. To dispose of garbage, oil or refuse within the Marina except in authorized containers.

9. To leave gear, materials, tackle or debris on floats or docks.
10. To use or enter upon the docks at the Charleston Marina from the hours of 10:00 P.M. to 5:00 A.M., unless that person has a boat legally moored at the Marina or is an employee or guest upon said boat.
11. To loan, to allow anyone to use, or to sub-lease a moorage or storage space at the Charleston Marina without the written permission of the Harbormaster.

C. RESTRICTIONS ON VESSELS IN THE MARINA:

1. Unseaworthy Vessels Prohibited in Harbor: A person shall not moor or permit to be moored in the Charleston Marina, a vessel of any kind whatsoever which is unseaworthy or in a badly deteriorated condition or which is likely to sink or to damage docks, wharves, floats or other vessels or which may become a menace to navigation.
2. Correcting Unsafe Berthing: If any vessel shall be found in the judgment of the Harbormaster to be anchored or moored within any harbor or maritime facility in an unsafe or dangerous manner, or in such a way as to create a hazard to other vessels or to persons or property, Harbormaster shall order and direct necessary measures to eliminate such unsafe or dangerous condition. Primary responsibility for compliance with such orders and directions or ordinance shall rest with the owner of the improperly anchored or moored vessel or his authorized agent. In an emergency situation and in the absence of any such responsible person, Harbormaster shall forthwith board such vessel and cause the improper situation to be corrected, and the owner of the vessel shall be liable for any costs incurred by the Port in effecting such correction.
3. Removal and Custody of Illegally Berthed or Abandoned Vessels: If any unattended vessel or unseaworthy vessel shall be found to be anchored or moored illegally within a harbor or maritime facility, or if Harbormaster has reasonable grounds to believe that a vessel has been abandoned within a harbor or maritime facility, the Harbormaster may assume custody of such vessel and cause it to be removed and held or placed in storage. The Port or Harbormaster shall not be held liable for any damage to such vessel or liable to its owners before or after assuming custody. Vessels so taken into custody shall be released to the owner by the Harbormaster only after satisfactory proof of ownership has been presented and full reimbursement made to the Port for all costs incident to recovery, movement and storage as set forth in Policy 11.1, Section D, Number 3.

4. Obstruction of Fairways, Channels or Berthing Spaces and Removal of Sunken Vessels;

a. It shall be unlawful to tie up or anchor a vessel at the Charleston Marina in such a manner as to obstruct the fairways or channels or to prevent or obstruct the passage of other vessels; or to voluntarily or carelessly sink or allow to be sunk any vessel in any channel, fairway, berth in space; or to float loose timbers, debris, logs or piles in any channel, fairway, or berthing space in such a manner as to impede navigation or cause damage to vessels therein. It is understood that wrecked or sunken vessels within a harbor are subject to the published rules and regulations of the United States Coast Guard and any applicable State Law, rules or regulations.

b. Whenever the navigation of any waters within the Marina, including anchorages and berths therein, shall be obstructed or endangered by any sunken vessel or other obstruction and the obstruction or danger has existed for a period of more than twenty-four (24) hours, the vessel or obstruction shall be subject to removal, sale or other disposition in accordance with Policy 11.1, Section D of this Ordinance. The owner or owners of such vessel or other property causing said obstruction or danger shall be liable to the Port of all costs incident to said removal and disposition, and the Port, its employees, agents, and officers, shall not be liable for the damages of any nature whatsoever arising out of or in any way connected with removal, sale or disposition of such vessel or other property.

D. REGULATION OF MOORAGES AT THE CHARLESTON MARINA:

1. Findings: The Port Commission finds that the Port moorage facilities at its Charleston Marina Complex are designed for use by seaworthy vessels for fishing and recreational uses, and that such facilities are not designed to provide appropriate sanitation and other accommodations for vessels and other structures which are not seaworthy. The Commission further finds that its moorage facilities need additional regulation to protect appropriate uses of its facilities and the public health, safety, and welfare.

2. Definitions: For purposes of this ordinance, the following definitions shall apply:

Harbormaster means and includes the person appointed to the office of Harbormaster or an assistant or acting Harbormaster.

Holding Tank means a receptacle designed for and used on a vessel to retain sewage.

Live-aboard vessel is one which is used as temporary living quarters for members of the crew and passengers.

Moorage shall mean any place where a vessel is made fast to a dock or is laid along side another vessel made fast to a dock, and shall include side and multi-side ties.

Seaworthy shall mean the condition of a vessel which is self-propelled, in sound condition, and capable of operating safely in navigable waters.

Sewage means the wastewater associated with human habitation, including that portion of wastewater commonly known as black water, from toilets of any other receptacles containing human or animal excreta and urine.

Vessel shall mean any sailboat or motor-driven craft that is designed for operation in open waters and is currently documented by the U.S. Coast Guard or registered with a state or foreign country.

3. Permitted Moorages: Moorages at Port facilities shall be limited to seaworthy vessels. Owners or operators of moored vessels must be able to demonstrate the seaworthiness of their vessels, if requested by the Harbormaster, by getting the vessel underway under its own power. No vessel shall be moored at a Port moorage facility for more than twelve (12) hours without it being registered with the Port.

4. Living Quarters: Vessels may be used as temporary living quarters while moored at Port facilities only if they are moored on a day-to-day basis or have a live-aboard permit for a longer period; provided that no live-aboard permit shall be issued for a period in excess of the duration of the moorage license. On application, vessel owners or operators who meet the stipulations of this Ordinance and abide by all federal, state, local, and Port regulations shall be eligible for a live-aboard permit. No vessel moored at Port facilities may be used primarily as a domicile.

5. Moorage Renewal and Termination: The Port has no obligation to issue or renew any moorage license. Vessels remaining on Port premises after the expiration or termination of a license may be deemed abandoned. The Port reserves the right to terminate a moorage for a failure or refusal of a licensee to comply with this ordinance, the terms of the moorage license agreement, or the applicable laws, rules or regulations of the Port, County of Coos, State of Oregon or the United States.

6. Dock Restrictions: Port docks shall be subject to the following restrictions:
 - a. No vessel will be moored in a manner which is hazardous to other dock users or which prevents rapid access to the dock in emergencies.
 - b. Docks and fingers shall be kept clear of obstructions.
 - c. All vessels are required to be tied in a safe and seaman-like manner, and the vessel owners or operators are responsible for any hazards created by mooring lines or the placement of objects on or over the dock or walkways.
 - d. Spray painting, sanding and sandblasting the exterior of vessels is prohibited at Port docks. Limited repair and upkeep of vessels is permitted at the Port docks with the approval of the Harbormaster.
7. Discharge of Sewage: Discharge of sewage from vessels while in the Marina is prohibited. Vessels may use one of the Port's pump-out stations for the purpose of removing sewage from their tanks.
8. Moorage Fees: All vessels moored in excess of four (4) hours will be subject to moorage charges and shall be registered with the Port within twelve (12) hours. Moorage fees will be on an annual, monthly or daily basis. The existing fee schedule for moorages is hereby adopted as a part of this ordinance, and it may be modified by resolution of the Port Commission and become effective immediately for new moorages.

E. LICENSING PRIVATE COMMERCIAL BUSINESSES IN THE MARINA:

1. No person, firm or corporation shall conduct a private commercial business at the Charleston Marina without first obtaining from the Port either a lease which authorizes the conduct of the specific type of business on the premises or a license for such business. The conduct of a "private commercial business" shall include the offering, soliciting, or selling of goods or services, but shall not include governmental or utility services.
2. The Port Commission, by resolution, may adopt and amend a schedule of rules, regulations, rates and fees for the licensing and operation of private commercial businesses at the Charleston Marina, and such rules, regulations, rates and fees shall have the same force and effect as the provisions of this Ordinance. The regulations may provide for licenses to

be issued or denied on the basis of whether the goods or services are necessary or convenient in the operation of the Marina.

F. ACCESS TO, AND USE OF, CHARLESTON SHIPYARD:

1. Time Restrictions for Shipyard Access: No person shall be permitted to enter onto the premises of the Charleston Shipyard of the Oregon International Port of Coos Bay between the hours of 10:00 p.m. and 5:00 a.m., unless such person is an agent or employee of the Port or is named in a permit issued by the Port. Persons having leases of Shipyard land and/or buildings from the Port will receive access permits for their premises.

2. Access Permits: Persons not an employee, agent or a lessee of the Port may apply for a revocable permit to be on the Shipyard premises between the hours of 10:00 p.m. and 5:00 a.m. for the purpose of performing work on their vessels, subject to the following:

a. The application and the permit will provide the names of the owner, operator, crew members or other persons for whom the permit is to be issued, their address and telephone numbers, the identification of a valid Shipyard storage license, a description of the work to be performed on the vessel and the requested duration of the permit.

b. If all conditions for a permit have been met, and if the applicant is not in violation of any applicable laws, ordinances or regulations, then the permit may be issued at the discretion of a Port representative.

c. A Port representative may revoke a permit at anytime with or without cause.

3. Use Restrictions: Permit holders under the terms of this Ordinance are subject to the following restrictions.

a. All work on vessels must be carried out in compliance with regulations adopted by resolutions adopted by resolution of the Port Commission to be known as 'Best Management Practices'.

b. Persons sleeping during restricted hours must do so on vessels in the Shipyard and may not for this purpose use motor vehicles, trailers or other quarters without written permission from the Port justified by special conditions involving health or safety; and such permission shall not be granted for more then thirty days and may be revoked at any time without cause and without prior notice.

- c. Any minors in the Shipyard area must be directly supervised by an adult.
 - d. No repairs may be made to vehicles or other property except the vessel for which the permit is issued and the tools or equipment used in such repair.
 - e. Permit holders must agree to defend, indemnify, and hold the Port harmless from claims and legal actions arising out of conduct, conditions, lack of due care or failure to comply with laws or regulations while on the premises of the Shipyard.
4. Enforcement: Employees and agents of the Port and law enforcement officers are authorized to enforce the provisions of this Ordinance by denying access to the Shipyard and by excluding or removing unauthorized persons from the Shipyard. Gates to the Shipyard will remain closed between the hours of 10:00 p.m. and 5:00 a.m., except to permit entry of emergency vehicles or authorized Port personnel. Persons on Shipyard premises without authorization or a permit are deemed to be trespassers.

G. MARINA RATES AND DISCOUNTS:

1. Owners and/or operators of vessels using Port moorage facilities, owners of property contained within Port storage areas, and users of Port services, are responsible for the charges outlined in the current Charleston Marina Rate and Discount Schedule, as adopted periodically by the Port's Board of Commissioners.
2. Rates and discounts are reviewed each year during the budget development process. Any changes will be reviewed and approved by the Port's Budget Committee and Board of Commissioners.
3. Discounted rates are offered to monthly and annual moorage customers and monthly RV Park customers who utilize multiple services within the Charleston Harbor, are current on their account balance, pay for their services/rent in advance, and adhere to Port policies.
4. Current discounts are listed on the published Charleston Marina Rate & Discount Schedule.

Policy 11A.3: GENERAL PROVISIONS

A. LIABILITY AND INDEMNITY:

1. Neither the Port nor its officers, agent or employees shall be liable for damages to persons or property arising on property owned, managed or operated by the Port caused by the unauthorized or illegal acts or omissions of any person or persons not employed by the Port in the ordinary course of its business; and the injured or damaged party shall rely only on the person or persons whose acts or omissions caused such injury or damage.
2. Any person using, renting or purchasing any services or facilities on property which is under the management and control of the Port shall be deemed to have accepted such facilities or property under the conditions and circumstances then existing and shall not hold the Port nor any of its officers, agents or employees liable for any claim, loss or injury resulting from the condition of such facility or property. The use of Port facilities, whether or not for a charge or other consideration, shall be deemed an acceptance and acknowledgment that the privileges granted for such use are subject to the foregoing provisions.
3. Any person, firm or corporation using any Port property, building or facility under a lease or contract entered into after the effective date of this Ordinance shall indemnify and hold the Port harmless from any injury or damage caused by its acts or omissions or those of its agents or employees or caused by any condition of the property, premises or facility while under the control of such person, firm or corporation.

B. ENFORCEMENT:

1. This Ordinance, having been enacted under the authority of ORS 777.190, may be enforced by any peace officer of the State of Oregon, County of Coos, or Oregon International Port of Coos Bay, who may give a warning or issue a citation for violation of this ordinance. Citations may require appearance in a Court in Coos County, Oregon. The manner of service and the content of the citation shall be as provided by Oregon law.
2. Any person violating a provision of this ordinance will be subject to a civil penalty of not to exceed \$500, and each day that a violation shall continue and persist, after written notice to the offender of the nature of the violation, will be a separate and distinct violation.

C. REPEAL OF ORDINANCES: Ordinances numbered 82, 101, 115, 125, 126, 127, 130, 131, 132, 135, 136 and 138 are hereby repealed; provided, that if there are any conditions, circumstances or proceedings pending under the terms of any of such ordinances at the effective date of this Ordinance, then such proceedings may be continued until their conclusion under the terms of such ordinance.

D. AMENDMENTS AND CODIFICATION: After the enactment of amendments to this ordinance, Port General Counsel, or other official designated by the Board of Commissioners, is hereby authorized to codify the changes in this ordinance, and add a note below the change with the date and number of the amending ordinance.

POLICY 12.1: GENERAL FINANCIAL MANAGEMENT

A. OBJECTIVES:

1. To preserve capital through prudent banking and case management activities.
2. To be fiscally responsible to achieve the most productive use of cash, minimize operating costs, and control receipts and disbursements.
3. To maintain competitive and good working relations with financial institutions.
4. To provide safety to employees.

B. BANKING SERVICES:

1. Banking services shall be solicited at least every five years on a competitive bid basis. Banks submitting proposals must meet the following minimum criteria:
 - Be able to provide Collateral Pool Certificates.
 - Be insured by the Federal Deposit Insurance Corporation (FDIC).
 - Be able to facilitate transfers to and from the Local Government Investment Pool managed by the Oregon State Treasurer.
 - Provide annual audited financial statements.
2. Bank Accounts. All Port bank accounts must be authorized and approved by the Board of Commissioners. The Director of Finance is responsible for maintaining a current signature card, approved by Resolution by the Board of Commissioners, with the appropriate financial institution. More than one Port employee or Board member is required to sign checks. The Port is required to carry a Public Employees Honesty Bond that covers any officer or employee of the Port who is charged with the possession and control of Port funds.
3. Federal and State Grant Funds. If a Federal or State agency is willing and it is feasible, funds will be received via the Local Government Investment Pool.
4. Budgeting. Each fiscal year, the Executive Director will prepare an annual budget in compliance with local budget law for the Port, which will be approved by the Board of Commissioners.

POLICY 12.2: INTERNAL CONTROLS

1. Duties. Duties will be assigned to individuals in such a manner that no one individual can control all phases of collecting cash, recording cash, and processing transactions in a way that permits errors or omissions to go undetected.
2. Billing and Receipts. The Port will invoice all vendors for amounts due on a current basis. An accounts receivable age schedule will be prepared and monitored to ensure amounts due the Port. Invoices are due upon receipt and interest will be charged on all balances over 30 days.
3. Cash Transactions. Cash transactions should always involve more than one individual to ensure that cash is properly recorded and deposited.
4. Bad Debt. Authorization for writing off bad debt shall be given to the Director of Finance and Executive Director.
5. Accounts Payable. All obligations paid by the Port will be reviewed to ensure proper documentation is attached and that all Port requirements are met. Receipts should always be verified prior to paying an invoice. Procedures are in place for checking receipts or packing slips to determine that merchandise or services have been received before payment.
6. Credit Card Use. Employees will follow prudent purchasing practices when utilizing procurement cards such as Visa or MasterCard. In addition to ensuring budget authorization and availability, card users will provide explanations with all receipts and/or shipping statements associated with card charges. When ordering by telephone, employees will provide a written description of the item purchased and the order or invoice number with accompanying credit card ordering documentation. This documentation is required by the Finance Department to reconcile the monthly bank card statements and to allocate charges to the appropriate expense account(s). In addition, credit card users will note the purchase of the expenditure on the receipts submitted to the Finance Department.
7. Purchase Orders. The Port utilizes a purchase order requirement to keep track and control of large purchases, which are approved by the Director of Finance and Executive Director. Purchase order limits are set by the Executive Director. The Harbormaster has authority as a Chief Executive Officer's designee for direct selection of goods and contracts, and to award and execute contracts for the purchase and/or lease of goods and services, not to exceed \$2000.00 per contract and/or purchase order. As a designee under this rule, the Harbormaster will assign purchase orders for goods and services that exceed \$500.00, but do not exceed \$2000.00. The original copy will be maintained on file at the marina office, and the yellow and pink copies will be sent to the accounting department for processing.
8. Petty Cash. The Finance Department is responsible for the administration of petty cash. Employees will make petty cash withdrawal requests to the Finance Department, who will monitor

the use of funds, reconcile the fund on a periodic basis, and retain petty cash in a locked storage device.

9. Checkbooks. Checkbooks are to be kept in a secure place at all times during business hours and locked in a filing cabinet during non-business hours. All general, payroll and other checks will be locked in a filing cabinet. This includes both signed and unsigned checks. Checks or cash will be locked in a drawer or safe at all times.

**POLICY 12.3: AUTHORIZATION FOR TRANSFERS BETWEEN INVESTMENT
ACCOUNTS (Resolution 89 – 12)**

The Director of Finance and the Executive Director of the Oregon International Port of Coos Bay are each authorized and empowered to transfer funds between the General Account and Payroll Account; and they are authorized and empowered to transfer and deposit funds between checking accounts and the State Investment Pool for the purpose of changing the manner in which such funds are invested or held.

All transfers of funds under the provisions of this resolution (policy) may be made by the Director of Finance and Executive Director under such procedures and on such terms and conditions as may be agreed upon by the depositories and the Director of Finance and Executive Director.

POLICY 12.4: DEFERRED COMPENSATION PLAN (Resolution 85 - 1)

The Port has established a Deferred Compensation Plan to be made available to all eligible employees pursuant to Federal legislation permitting such plans. Certain substantial tax benefits will act as incentives to Port employees who choose to set aside and invest portions of their current income to meet future financial requirements and supplement their PERS retirement and Social Security. The Executive Director and the Director of Finance are authorized to 1) execute for the Port individual participation agreements with employees; 2) act as the “Administrator” of the plan representing the Port; and 3) execute such agreements and contracts-necessary to implement the Program. The Port will make no cost or contribution to the Program.

Oregon International Port of Coos Bay **Green Statement and Goals**

At the Oregon International Port of Coos Bay, it is our intention to manage our operations and maintain our facilities in an environmentally friendly manner.

We recognize that our activities have both direct and indirect effects on the environment, and Port staff is committed to reducing our impact while educating and empowering our employees to make more environmentally responsible choices.

Port staff will make every effort to understand and adhere to the laws and regulations pertaining to our operations and the community. Staff's aim is to exceed required levels of compliance wherever feasible. Port staff has begun to implement this strategy by making more environmentally-preferable purchasing choices and developing company-wide recycling programs. As such, staff has chosen to make environmental responsibility a part of our operating philosophy.

Waste Management

- Practice waste prevention whenever possible
- Reduce waste by (a) decreasing our consumption of paper and (b) increasing our usage of paper that contains recycled content. *Since 1994 all Port letterhead, business cards, envelopes and brochures have been printed on recycled paper.*
- Reuse or recycle all incoming packaging materials. *Crow/Clay Architects as the Port's landlord provides a closet space to recycle all packaging and printed material to be recycled.*
- Minimize the amount of printed materials & direct mail we use. *Promotion of email correspondence.*
- Encourage recycling by having bins accessible around the office
- Recycle all Dell computer products
- Supply employees and visitors with reusable ceramic mugs for coffee or water, rather than disposable ones
- Recycle Port office paper, files folders, cardboard boxes, newspapers, magazines, brochures, bottles, and cans
- Continue to utilize recycling programs and expand them where possible

Water Conservation

- Promote the use of water and energy efficiently
- Recycle and reuse all water used at the shipyard for washing boats.
- Install low flow taps to reduce water waste

Air Quality

- Maintain good indoor air quality with the addition of plants
- Hepa Air Filters have been added to the administration offices for cleaner recirculated air quality
- The Port purchased a used Hyster Forklift that uses propane instead of gas/diesel
- The Port encourages employees to rideshare to meetings and events
- We seek opportunities to reduce the need for unnecessary transport in our daily operations thereby reducing carbon impact on the environment

Energy Efficiency

- Utilize energies sparingly
- Office thermostat is at a set temperature therefore reducing energy consumption
- Replaced incandescent light bulbs with florescent bulbs or low energy bulbs
- Implement PC Power management: Turn off office machines and lights at night at the wall socket
- Conduct routine maintenance on products/equipment to increase the useful life
- Install multi-functional devices (for faxing, printing and photocopying) to reduce energy and paper usage (such as Green-print, a software program that eliminates the last page or blank pages when printing information off the internet).
- The Port encourages telecommuting, and telephone conference calls through Go-Green Conferencing
- Purchase 'Energy Star' appliances and electronics when replacing equipment
- Implement pilot solar power energy projects to test solar power viability within the Marina facilities
- Implement pilot wind project to test viability of a small scale wind farm on the North Spit of lower Coos Bay

Purchasing Supplies

- Consider environmental impacts in our purchasing
- Purchase recycled office supplies and paper products whenever possible
- Align the Port with green vendors, suppliers and partners
- Consider durability and reparability of products prior to purchase
- When shopping for office supplies reuse paper or canvas shopping bags.
- Port staff maintains records on the use of cleaning chemicals before the end of date, and replaces with environmentally-friendlier options before the end of date.
- The Port has strict standards for the safe and environmental disposal of hazardous materials in all Port facilities.

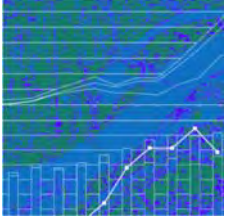
Community Engagement

- Interact with and educate the community regarding Port operations and environmental programs
- Endeavor to work with partner organizations that share the Port's green values
- Encourage Port staff and clients to be responsible, corporate green citizens

It is the Port's intention to always operate our business in an environmentally friendly way. Staff will strive to continually re-evaluate and look to improve our green policies, practices and goals; encouraging environmentally responsible practices that yield a less negative impact upon our environment both locally as well as globally.

**Oregon International Port of Coos Bay
Strategic Business Plan
Coos Bay, Oregon**

**Appendix H
Financial Plan**



Oregon International Port of Coos Bay Strategic Business Plan – Financial Plan

Final Report

PREPARED FOR

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May 26, 2015



Oregon International Port of Coos Bay Strategic Business Plan Financial Plan

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Oregon International Port of Coos Bay Strategic Business Plan Financial Plan

The Statewide Ports Strategic Business Plan requires a strategic business plan to include a financial plan that meets the following requirements:

Based on financial goals and objectives, updated annually as part of budget process. As part of this plan, the port should evaluate the financial impacts of charging below-market rates for buildings, and other infrastructure and whether it can financially support operations and maintenance of these facilities, in conjunction with other infrastructure and port operations, as well as eventually upgrading, reconstructing, or replacing these facilities.¹

This financial plan for the Oregon International Port of Coos Bay (Port) meets these requirements.

Port Data

This section of the financial plan summarizes the Port's recent financial history and current budget.

Fund Structure

The Port recently decided to streamline the fund structure by eliminating redundancies, which resulted in closure of funds at the end of Fiscal Year 2013-2014 (Dredge Reserve, Property Reserve, Depreciation Reserve, Business Center, Revenue Reserve, Rail special Revenue and Personnel Reserve funds).

For Fiscal Year 2014-2015 and going forward, the Port will operate with the following funds:²

- General Fund: Accounting for all operating costs and some capital expenditures
- Special Projects Fund: Accounting for major capital expenditures related to all Port property
- Reserve Fund: "Savings" for future investments.

Historical Performance

In April 2010, the Statewide Ports Strategic Business Plan described the Port of Coos Bay as experiencing possible cash flow issues due to new projects:

“Ports with possible cash flow issues include Coos Bay (due to railroad acquisition, offset by Liquefied Natural Gas or LNG development).”³

The General Fund recorded a negative balance in FY2012-13 and FY 2013-14. Table 1 summarizes four years of historical cash flows as well as the current budget for both of the Port's funds..

¹ Ports 2010: A New Strategic Business Plan for Oregon's Statewide Port System, April 2010, p. 122. OAR 123-025-0016 refers to this document as the Statewide Ports Strategic Business Plan. It is available from the Infrastructure Finance Authority at <http://www.orinfrastructure.org/Learn-About-Infrastructure-Programs/Interested-in-a-Port-Project/>.

² Source: Oregon International Port of Coos Bay Financial Report for the Year Ended June 30, 2014, by Pauly Rogers and Co. PC.

³ Source: Ports 2010: A New Strategic Business Plan for Oregon's Ports, prepared for the Oregon Department of Transportation and Infrastructure Finance Authority by Parsons Brinckerhoff, page 51

Table 1 – Historical and Budgeted Cash Flows

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	2014-15
Category	Actuals	Actuals	Actuals	Actuals	Budget
General Fund					
Resources:					
Beginning fund balance	\$162,081	\$187,971	(\$38,895)	(\$23,094)	\$757,443
Revenue:					
Operating revenue:					
Charges for services	\$1,272,587	\$1,415,754	\$1,434,794	\$1,641,581	\$1,487,010
Leases	\$629,491	\$625,012	\$660,697	\$555,016	\$4,164,282
Miscellaneous	\$112,731	\$114,327	\$78,619	\$125,238	\$142,450
Total operating revenues	\$2,014,809	\$2,155,093	\$2,174,110	\$2,321,835	\$5,793,742
Non-operating revenues (expenses):					
Property taxes	\$1,470,626	\$1,455,782	\$1,536,753	\$1,553,977	\$1,557,000
Interest income (expense)	\$9,346	\$6,723	\$6,880	\$10,454	\$0
Grants/loans	\$1,577,376	\$112,244	\$986,898	\$29,818	\$89,600
Miscellaneous	\$13,526	\$26,463	\$53,262	\$31,351	\$349,300
Total non-operating revenues	\$3,070,874	\$1,601,212	\$2,583,793	\$1,625,600	\$1,995,900
Transfers in	\$604,000	\$16,000	\$28,732	\$479,304	\$271,950
Total resources	\$5,851,764	\$3,960,276	\$4,747,740	\$4,403,645	\$8,819,035
Requirements:					
Expenditures:					
Personal services	\$1,856,355	\$1,903,426	\$1,841,316	\$1,742,068	\$2,170,634
Materials and services	\$1,664,046	\$1,679,323	\$1,701,237	\$1,692,117	\$5,214,700
Capital outlay	\$1,816,055	\$59,065	\$879,778	\$10,132	\$110,565
Debt service					
Principal	\$235,456	\$227,031	\$197,334	\$172,640	\$121,392
Interest	\$91,881	\$43,368	\$34,932	\$29,245	\$54,116
Total expenditures	\$5,663,793	\$3,912,213	\$4,654,597	\$3,646,202	\$7,671,407
Transfers out	\$0	\$86,958	\$116,237	\$0	\$0
Ending fund balance	\$187,971	(\$38,895)	(\$23,094)	\$757,443	\$1,147,628
Total requirements	\$5,851,764	\$3,960,276	\$4,747,740	\$4,403,645	\$8,819,035
Special Project Fund					
Resources:					
Beginning Balance	\$4,841,408	\$1,852,059	\$2,007,336	\$4,858,186	\$4,856,856
Revenues					
Interest	\$1,532	\$5,734	\$8,524	\$4,500	\$500
Reimbursement/option proceeds	\$1,379,637	\$1,157,174	\$775,000	\$930,000	\$2,120,000
Grant proceeds	\$0	\$68,071	\$0	\$0	\$12,000,000
Loan proceeds	\$0	\$0	\$0	\$0	\$3,500,000
Total revenues	\$1,381,169	\$1,230,979	\$783,524	\$934,500	\$17,620,500
Expenditures					
Capital outlay	\$4,130,518	\$1,075,702	\$1,292,787	\$935,830	\$14,500,000
Materials, supplies	\$0	\$0	\$0	\$0	\$3,625,750
Total expenses	\$4,130,518	\$1,075,702	\$1,292,787	\$935,830	\$18,125,750
Transfers from other funds	\$0	\$0	\$3,360,113	\$0	\$0
Transfers to other funds	\$240,000	\$0	\$0	\$0	\$0
Ending balance	\$1,852,059	\$2,007,336	\$4,858,186	\$4,856,856	\$4,351,606
Reserve Fund					
Resources:					
Beginning Balance	\$4,814,861	\$2,947,359	\$5,563,156	\$4,011,985	\$3,956,250
Revenues	\$0	\$0	\$0	\$0	\$0
Interest	\$62,363	\$25,284	\$15,770	\$8,953	\$37,900
Port surcharge	\$0	\$0	\$0	\$365,400	\$354,000
Proceeds from land sale	\$10,019	\$0	\$0	\$0	\$0
Grant and loan proceeds	\$1,170,029	\$0	\$0	\$0	\$0
Notes receivable - Principal	\$4,050	\$88,487	\$88,488	\$88,487	\$0
Contracts	\$0	\$0	\$0	\$252,700	\$0
User fees	\$16,450	\$142,985	\$71,970	\$98,978	\$0
Operating revenue	\$0	\$0	\$70,273	\$386,108	\$0
Reimbursement	\$523,715	\$0	\$0	\$0	\$0
Misc	\$3,723	\$12,503	\$13,672	\$57,043	\$0
Total revenues	\$1,790,349	\$11,111,677	\$9,773,164	\$6,925,971	\$391,900
Expenditures	\$0	\$0	\$0	\$0	\$0
Capital outlay	\$3,273,128	\$8,405,975	\$11,109,167	\$5,484,997	\$2,033,200
Personal service	\$0	\$0	\$0	\$22,939	\$0
Materials, supplies	\$20,723	\$20,815	\$128,621	\$293,288	\$0
Debt service	\$0	\$0	\$0	\$0	\$0
Principal	\$0	\$90,000	\$130,354	\$132,610	\$0
Interest	\$0	\$50,048	\$43,698	\$37,168	\$0
Total expenses	\$3,293,851	\$8,566,838	\$11,411,840	\$5,971,002	\$2,033,200
Transfers from other funds	\$0	\$86,958	\$116,237	\$3,227,533	\$0
Transfers to other funds	\$364,000	\$16,000	\$28,732	\$7,065,957	\$0
Prior period adjustment	\$0	\$0	\$0	\$450,997	\$0
Ending balance	\$2,947,359	\$5,563,156	\$4,011,985	\$677,533	\$2,314,950

Source: Oregon International Port of Coos Bay Audited Financial Reports, Budget

Table 2 summarizes the historical trends in assets and liabilities during the past four fiscal years. During this period, the Port increased its non-current assets by more than \$20 million.

Table 2 – Historical Assets, Liabilities and Net Assets

Category	Actual FY 2010-11	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14
Assets:				
Current assets:				
Cash	\$1,170,109	\$1,335,075	\$352,538	\$4,615,932
Receivables	\$217,920	\$102,770	\$900,584	\$164,379
Prepaid expenses	\$48,706	\$0	\$0	\$53,511
Total current assets	\$1,436,735	\$1,437,845	\$1,253,122	\$4,833,822
Non-current assets:				
Capital assets, net	\$4,530,385	\$6,499,330	\$4,687,489	\$2,148,311
Other noncurrent assets	\$37,879,652	\$45,832,062	\$56,877,198	\$60,477,625
Total non-current assets	\$42,410,037	\$52,331,392	\$61,564,687	\$62,625,936
Total assets	\$43,846,772	\$53,769,237	\$62,817,809	\$67,459,758
Liabilities and net assets:				
Liabilities				
Current liabilities	\$1,341,776	\$954,341	\$904,420	\$3,749,174
Non-current liabilities	\$10,874,594	\$11,111,326	\$10,304,520	\$6,949,406
Total liabilities	\$12,216,370	\$12,065,667	\$11,208,940	\$10,698,580
Net assets				
Investment in capital assets, net	\$28,918,319	\$34,373,547	\$45,698,069	\$49,398,182
Restricted	\$34,210	\$1,328,484	\$1,024,079	\$4,856,856
Unrestricted	\$2,677,873	\$6,001,539	\$4,886,721	\$2,506,140
Total net assets	\$31,630,402	\$41,703,570	\$51,608,869	\$56,761,178
Total liabilities and net assets	\$43,846,772	\$53,769,237	\$62,817,809	\$67,459,758

Source: Oregon International Port of Coos Bay Audited Financial Reports

ANALYSIS

This section of the financial plan analyzes data from the Port and from other Oregon ports with the goals of 1) highlighting issues for the Port's consideration, and 2) developing accurate projections for future years.

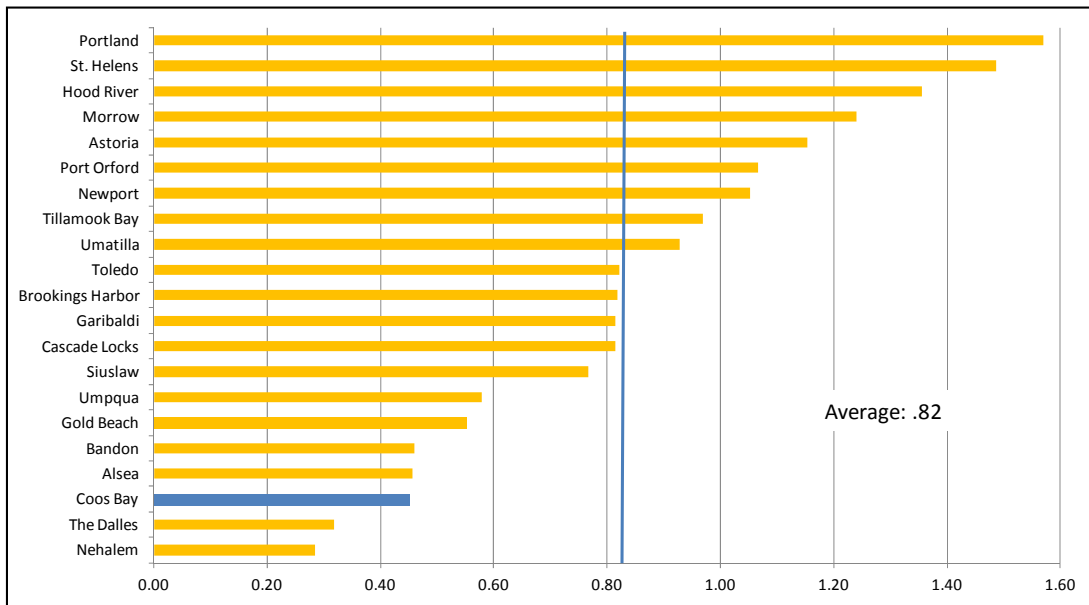
Operating Cash Flow

Measuring performance on a government-wide basis (rather than measuring the performance of individual funds) allows us to compare the Port to other port districts in Oregon. One measure of performance is operating expense coverage, which is the ratio of operating revenue to operating expense.

To measure the sustainability of a port's operating cash flow, including this ratio was computed with two adjustments (property tax is excluded from operating revenue and depreciation is excluded from operating expense).

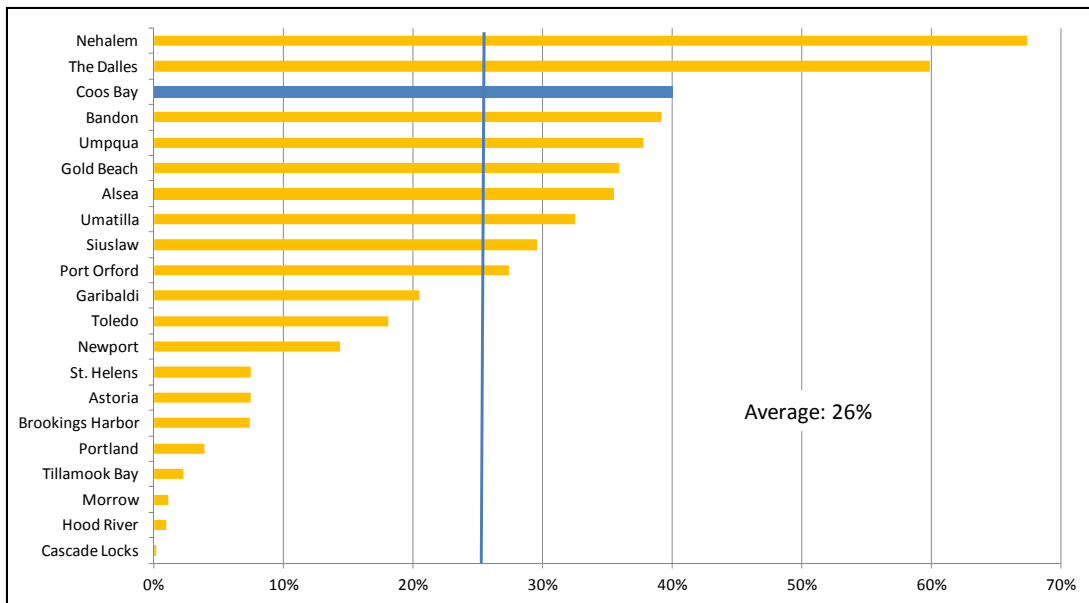
Based on a survey of Oregon port districts, the average ratio was 0.82. In other words, on average, operating revenue (excluding property tax) was 82 percent of operating expense (excluding depreciation). The Port had a ratio of 0.45. Figure 2 shows this ratio for all surveyed port districts.

Figure 1 – Adjusted Operating Cash Flow



Although property tax is excluded in the comparison above, all port districts in Oregon do receive some property tax revenue. Based on our survey, the average ratio of property tax to total operating revenues was 26 percent. The Port had a ratio of 40 percent. A low reliance on property tax is favorable because property tax revenues tend not to keep pace with cost escalation over time. The Port has a higher reliance on property tax than other Oregon ports. Figure 3 shows this ratio for all surveyed port districts.

Figure 2 – Property Tax Percentage of Operating Revenues



Debt

As of June 30, 2014, the Port had \$9.7 million in long-term debt, consisting primarily of loans from the Oregon Economic Development Department and to a lesser extent from notes payable. Most of the debt (\$9.0 million) is associated with acquisition and rehabilitation of the CBR, including the initial purchase of the CBR, line and bridge reconstruction projects, construction of a siding (Greenhill Road Project) as well as creation of a reserve fund. The remainder is associated with: upgrades to the Charleston Marina (rehabilitation of F Dock, replacement of B Dock, purchase of real property near the Marina), and upgrades to the Charleston Boatyard (paving the yard and expansion of the Skallerud Building). Table 3 shows the required principal and interest payments on this debt until maturity.

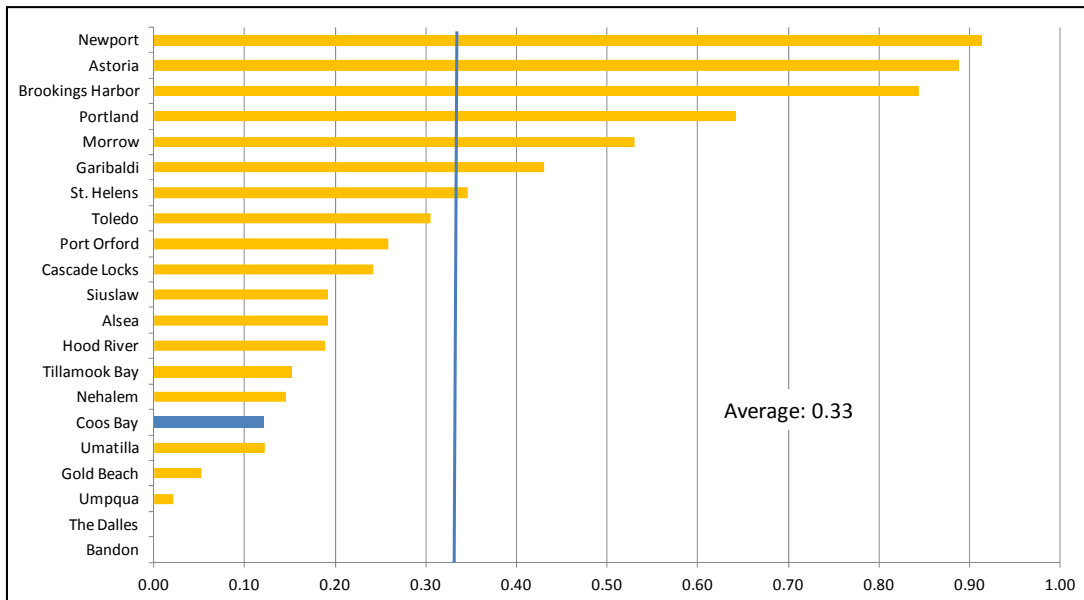
Table 3 – Future Debt Service

Loan Purpose	2014-15	2015-16	2016-17	2017-18	2018-19
F-Dock Rehabilitation	22,634	22,634	22,633	22,634	11,198
Development of the Industrial Rail Spur	77,505	77,505	77,505	77,505	77,505
Paving of the Port Shipyard Facility	23,976	23,976	23,976	23,976	23,976
Expansion of the Skallerud Building	8,433	8,435	8,435	5,056	-
Purchase of Rail Road Line	-	-	-	519,344	519,345
B Dock Rehabilitation Project	15,245	15,245	15,245	15,245	15,245
Rail Line Reserve Line	2,781,686				
Greenhill Road RR Project	not yet scheduled				
Total	2,929,479	147,795	147,794	663,760	647,269

Source: Oregon International Port of Coos Bay Audited Financial Reports

One measure of financial risk is the amount of an organization’s debt relative to its equity. Based on a survey of Oregon port districts, the average ratio of debt to equity was 0.33. The Port’s ratio is lower than this level. This means that the Port’s risk from financial leverage is less than that of the average port district in Oregon. Figure 4 shows this ratio for all surveyed port districts.

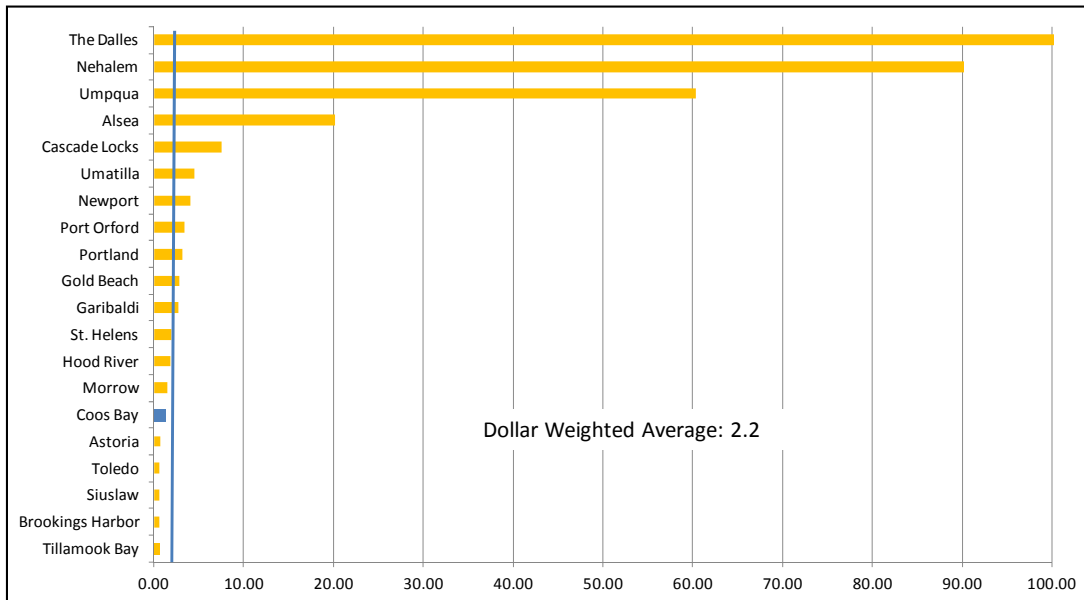
Figure 3 – Debt to Equity Ratio



Working Capital

Solvency is the ability of an organization to meet current liabilities with current assets. One measure of solvency is the current ratio, which is the ratio of current assets to current liabilities. Based on our survey of 19 port districts in Oregon, the dollar-weighted average current ratio was 2.2. The Port had a ratio of 1.3. Figure 5 shows this ratio for all surveyed port districts.

Figure 4 – Current Ratio



GOALS AND OBJECTIVES

This section of the financial plan summarizes the Port’s financial goals and objectives. These goals and objectives inform the recommendations and forecast later in this plan.

We are not aware that the Port has adopted any goals or objectives. We therefore assume that the Port desires to maintain its operations while maximizing monies available for capital projects. The recommendations and projections below are consistent with this assumption.

This section of the financial plan provides policy recommendations based on both the financial analysis and the goals and objectives of the Port that are discussed above.

Overall

Overall financial recommendations are aimed at maintaining fiscal success:

- We recommend maintaining an operating reserve of 90 days of expenditures.
- To address the state requirement pertaining to maintaining adequate funding for facility needs, we recommend that the Port consider adoption of a policy regarding financial returns on Port real estate developments. The new policy would have the objective on lease or sales prices on Port-owned buildings and facilities to seek a return on investment of 8-10 percent per annum (based on Port investment expenditures and proceeds for a specified project).

Pricing

The Statewide Ports Strategic Business Plan expresses concern about the common practice of ports leasing facilities at rates that are below market, because this practice “limits the ability for ports to keep pace with facility maintenance needs.”⁴

Charleston Marina, RV Park, and Boatyard

The Port’s overall objective is to be a responsible steward of the marine assets that support the commercial fishing industry, recreational boaters and tourists that visit the Charleston area.

The Port has undertaken numerous upgrades in recent years and more are required in the future. These efforts should be guided by the following objectives:

- Achieve target occupancy and/or utilization rates at all assets while maintaining market rates
- Generate new revenue by improving site layout and increasing asset utilization rates
- Evaluate means to reduce operations and maintenance costs
- Acquire or dispose of assets as circumstances warrant
- Seek public/private partnerships to provide required facilities and services
- Leverage Port funding capabilities with public and private funds
- Continue to work with the South Coast Ports Coalition on a solution to annual maintenance dredging and ensure proper reserve coverage to support the Port’s contribution to these efforts.

North Spit

The Port’s overall objective is to develop or assist in the development of marine terminals and industrial facilities that would enhance employment opportunities available in the Coos Bay region. These efforts should be guided by the following objectives:

- Continue with existing and seek new public/private partnerships to provide required facilities and services
- Leverage Port funding capabilities with other public and private funds
- Determine operating or landlord status of new port-owned facilities based upon financial performance
- Acquire or dispose of assets as circumstances warrant

Upper Bay

The Port owns several facilities in the Upper Bay that are in various stages of disrepair. The Port’s overall objective is to be a responsible steward of these assets while also realizing that rebuilding some of these structures may be very costly and may provide uncertain revenue streams because of weak market conditions and lack of upland acreage. In one case, the uplands are leased to a private operator but the docks are no longer used.

The Port also serves as the lead local agency for dredging and navigation improvements that enhance utilization by private and public terminals.

The Port should consider the following financial objectives:

⁴ Ports 2010: A New Strategic Business Plan for Oregon’s Statewide Port System, April 2010, p. 61.

- Seek new markets for underutilized terminals at market rates. If new markets are not considered viable then consider demolition of under-performing terminals or docks.
- Acquire or dispose of assets as circumstances warrant
- Leverage Port funding capabilities with other public and private funds
- Seek public/private partnerships to provide required facilities and services

East Bay

The Port should consider whether the properties in the East Bay are considered necessary to further the goals and objectives of the Port. These efforts should be guided by the following objectives:

- Acquire or dispose of assets as circumstances warrant
- Seek public/private partnerships to provide required facilities and services
- Assess the value of this property as a future mitigation site

Coos Bay Rail Link

The Port and its operator have a sustained track record of providing rail service to existing customers. The economic value of the CBR is very positive within the Coos Bay (and greater) region. The opportunity to provide rail service to marine terminals appears viable. The Port has undertaken numerous upgrades in recent years and more are required in the future. These efforts should be guided by the following objectives:

- Continue to cover operations and maintenance costs by operating revenues.
- Achieve market rates for rail service in coordination with users and the Class I railroad
- Generate new revenue by increasing the number of railcars from existing and new customers.
- As additional business is developed, additional funds for capital improvements will become available that could assist with future capital improvements
- Leverage Port funding capabilities with other public and private funds
- Seek public/private partnerships to provide required facilities and services

FORECAST

This section of the financial plan draws upon all prior sections to project resources and requirements into future years.

Key Assumptions

The 5-year financial projections that follow in Table 4 are based on the following assumptions:

- Revenues from users fees, leases and other sources are expected to grow at 2.4 percent per year,
- Expenses (personnel, materials/supplies etc) are expected to grow annually at between 1.8 percent and 2.0 percent,
- Debt service is calculated to cover existing and proposed projects,
- Funds are transferred, as needed.

Projections

Table 4 projects resources and requirements for five years (projected FY 2014-15 and forecasts for FY 2015/16 through FY 2018/19). Using the assumptions stated above, the five-year financial analysis indicates that the Port maintains non-negative cash flow in ending balances and has sufficient funds to cover 90 days of expenditures (excluding capital outlays) through most of the forecast period (the exception is in FY 2015-16 in which coverage is for 58 days)..

Table 4 – International Port of Coos Bay Projected Resources & Requirements (\$1,000s)

Category	Budget /		Forecast			
	Actual FY 2013-14	Projected FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
General Fund						
Resources						
Beginning Fund Balance	\$0	\$0	\$0	\$133	\$460	\$294
Revenues						
User fees, leases, taxes et al	3,945	4,414	6,100	6,287	6,413	6,541
Loans and Grants						
Transfers in	1	272	188	-	-	-
Total Revenues	3,975	4,774	6,296	6,287	6,413	6,541
Total Resources	3,975	4,774	6,296	6,419	6,872	6,835
Requirements						
Expenditures						
Personnel	1,724	2,065	2,771	2,806	2,862	2,920
Materials and Supplies	1,694	2,065	2,339	2,381	2,429	2,477
Capital Outlays	34					
Debt Service	202	226	247	773	1,287	1,255
Transfers out	242	202	319	-	-	-
Total Expenditures	3,897	4,657	6,164	5,960	6,578	6,652
Ending Balance	79	117	133	460	294	183
Total Requirements	3,975	4,774	6,296	6,419	6,872	6,835
Special Projects Fund						
Resources						
Beginning Fund Balance	1,918	4,857	6,156	-	-	-
Revenues						
Interest, Misc	1,000	2,357	-	-	-	-
Loans and Grants	5	-	19,155	-	-	-
Transfers in	-	-	-	-	-	-
Total Revenues	1,005	2,357	19,155	-	-	-
Total Resources	2,923	7,214	19,245	-	-	-
Requirements						
Expenditures						
Materials and Supplies	-	1,058	6,850	-	-	-
Transfers out	-	-	188	-	-	-
Capital Outlays	2,028	-	12,208	-	-	-
Total Expenditures	2,028	1,058	19,245	-	-	-
Ending Balance	895	6,156	-	-	-	-
Total Requirements	2,923	7,214	19,245	-	-	-
Reserve Fund						
Resources						
Beginning Fund Balance	150	3,956	1,814	2,133	2,136	2,140
Revenues						
Interest, surcharge et al	-	392	-	4	4	4
Transfers in	-	777	319	-	-	-
Total Revenues	-	1,169	319	4	4	4
Total Resources	150	5,125	2,133	2,136	2,140	2,143
Requirements						
Expenditures						
Transfers out	-	152	-	-	-	-
Total Expenditures	-	2,185	-	-	-	-
Ending Balance	150	2,940	2,133	2,136	2,140	2,143
Total Requirements	\$150	\$5,125	\$2,133	\$2,136	\$2,140	\$2,143
Days of Expenditure in Ending Fund Balance	14	187	58	130	118	117

Note: for FY 2014-15 estimates, the budget is used for the general fund and the reserve fund; the special projects fund is based upon projected loan and grant proceeds for the seven months through February 2015.
Source: Oregon International Port of Coos Bay Audited Financial Reports