

REVENUE: Revenue statement issued

FISCAL: May have fiscal impact, statement not yet issued

Action: Without Recommendation as to Passage, Be Referred to the Committee on Ways and Means by prior reference

Vote: 5 - 0 - 0

Yeas: Deckert, George L., Monnes Anderson, Starr, Metsger

Nays: 0

Exc.: 0

Prepared By: Janet Adkins, Administrator

Meeting Dates: 4/5

WHAT THE MEASURE DOES: Establishes the Coos Bay Channel Fund for deepening and widening the deep-draft navigation channel, performing ecosystem restoration projects, and working on jetties and navigation aids. Authorizes issuance of \$60 million in lottery bond funds in specified increments: \$5 million on July 1, 2007, \$10 million on July 1, 2009, and \$45 million on July 2, 2011. Specifies conditions that must be met by project sponsors for bond issuance to occur: contract with a cargo terminal developer for the first \$5 million, availability of federal funding for the next \$10 million, and contracting for the channel dredging and other projects for the final \$45 million. Specifies that bonds may not be issued for the project after Jun 30, 2013. Requires the project sponsor to indemnify the state in connection with borrowing by the sponsor. Declares an emergency and takes effect July 1, 2007.

ISSUES DISCUSSED:

- Triggers for bond revenue disbursements
- Economic development potential of the port and region, recent investments and returns
- Importance of state commitment to federal funding request
- Necessity of permits being issued and environmental studies being completed
- Proposed Liquefied Natural Gas terminal – lack of dependence on deepening project
- Whether shipping lines are likely to use the port terminal
- Potential advantages to existing Oregon industries

EFFECT OF COMMITTEE AMENDMENT: Clarifies location of the deepening project. Modifies bond issuance timing. Specifies the conditions that must be met prior to each phase of bonding

BACKGROUND: Coos Bay is the largest coastal deep-draft harbor between San Francisco Bay and Puget Sound; at one time the harbor had 25-30 vessel calls per day. The bay's relatively short, 15-mile channel allows cargo vessels to move in and out efficiently, but larger cargo vessels cannot be accommodated. Channel depth at low water is currently 37 feet and shipping channel width narrows to 300 feet. Newer deep-draft ships would require deepening to a 51-foot depth and widening to 500 feet.

The Oregon International Port of Coos Bay is progressing with plans to develop an intermodal container terminal at Coos Bay harbor designed to accommodate container ships that are up to 1,300 feet long and 185 feet wide, with a draft of up to 49 feet. The proposed project would include channel deepening over about eight miles of the lower channel, reconstruction of the entrance jetties, creation of a 1,700-foot turning basin, performing ecosystem restoration projects, and upgrading aids to navigation. Preliminary cost estimates are \$120 million, with the local/state share on a Corps of Engineers project typically ranging from 20 to 50 percent. The project is intended to promote creation of jobs and local and regional economic development by accommodating deeper draft cargo and diversifying types of cargo that can be processed through the port. State commitment to the project would increase chances for federal and private investments.

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This summary has not been adopted or officially endorsed by action of the committee.