



Central Oregon & Pacific (CORP) Railroad



Coos Bay Rail Line / Historical Overview and Current Status

Historical Overview

Rail transportation was first established in Coos County, Oregon in 1891-1893 by the Coos Bay Roseburg and Eastern (CBR&E) Railroad, and included plans to link to the Oregon and California Railroad operating between Portland and Northern California in the corridor between the Coast Range and the Oregon Cascades. However, the Panic of 1893 curtailed those connection efforts and, ongoing expansion of the CBR&E Coos County rail lines.

Between 1905 and 1910, the Southern Pacific (SP) Railroad and Pacific Great Western (PGW) Railroad both announced plans and started construction of rail lines from the Willamette Valley to the coast, with plans to link with CBR&E. SP eventually bought out PGW and completed the Coos Bay line in 1916 in its current alignment.

SP operated the Coos Bay Branch Line between Eugene and Myrtle Point, with rail logging operations to Powers until late 1994. Scheduled passenger service on the Coos Bay line ended in 1953, and SP abandoned the Powers line in 1972, followed by abandonment of the Myrtle Point line in 1987.

SP sold the Coos Bay line between Eugene and the Coos Bay swing-span railroad bridge and the Siskiyou line between Springfield and Belleview (south of Ashland), Oregon, to RailTex Inc. in December 1994. SP retained portions of both lines and leased those properties to RailTex. RailTex established the Central Oregon & Pacific (CORP) Railroad in late December 1994.

SP was merged into the Union Pacific (UP) Railroad in 1996, and in 2000 RailAmerica Inc. acquired RailTex. RailAmerica became a subsidiary of Fortress Investment Group in February 2007. RailAmerica was acquired by the international short line railroad holding company Genesee & Wyoming Inc. during December 2012, following approval by the U.S. Surface Transportation Board.

Port Involvement in Rail

In the early 1990s, prior to the acquisition of the Coos Bay line by RailTex, SP officials informed Oregon International Port of Coos Bay staff of deteriorating conditions on the Coos Bay rail bridge (a combination swing-span and trestle structure), and said that SP had no plans for rehabilitation or long-term maintenance of the bridge. Port staff immediately began working to acquire funds to improve the operating condition of the bridge and extend its service life. The Port was awarded \$7.2 million in federal funds from the Transportation Equity Act for the 21st Century (TEA-21), and was then able to

acquire a combination grant/loan from the State of Oregon as the non-federal cost share. In order to utilize public funds for Coos Bay rail bridge rehabilitation, the Port bought the bridge from Union Pacific for \$1 in 2000. Phase I rehabilitation was completed in May 2006, and Port staff then began planning for funding acquisition for Phase II work.

The Port's continuing involvement in rail infrastructure development was the construction of the North Spit Rail Spur in 2004-05 for \$4.4 million, providing freight rail access to hundreds of acres of industrially zoned property on the North Spit of lower Coos Bay. The 3.6 mile spur was completed in October 2005, and currently serves Southport Forest Products, which invested approximately \$18 million in an energy-efficient, technologically advanced small log sawmill. Southport purchased 30 acres from the Port for development of the mill and the Port reinvested those funds in the rail spur project, with other funds coming from the U.S. Economic Development Administration (EDA), the State of Oregon and local funding sources. Southport has since added kiln-drying facilities, which the firm is now expanding

Port Acquisition of the Coos Bay Rail Line

On September 21, 2007, rail service on the Coos Bay rail line was suspended by the CORP Railroad, which embargoed the line from Vaughn in Lane County to the North Spit of lower Coos Bay and filed for discontinuance of service on all connecting spurs. The embargo impacted Roseburg Forest Products, Georgia-Pacific, Southport Forest Products, American Bridge Manufacturing and several other rail shippers throughout the western Lane, western Douglas and Coos Counties region. CORP cited safety concerns in three tunnels on the line as the primary reason for the embargo, and later commented and confirmed that the line also had a backlog of deferred maintenance. The loss of freight rail service forced commodity shippers on the line to shift to trucking at much higher costs.

The Port, acting on behalf of southwest Oregon communities, and business operations served by the rail line, took action at the direction of the Port's Board of Commissioners and moved ahead with acquisition of the rail line through a Feeder Line Application (FLA) action before the U.S. Surface Transportation Board. Financing of the acquisition was supported by a loan package administered by the Oregon Business Development Department. At the time the FLA was filed, CORP also sought abandonment of the Coos Bay line. Granting of abandonment action could have resulted in loss of the freight rail service and the rail corridor between Eugene and Coos County.

The Port bought the Coos Bay rail line in order to maintain freight rail service for existing industrial operations in the three-county southwest region and to maintain multimodal transportation access for marine terminals in the Coos Bay harbor. The Port is currently engaged in a variety of projects intended to diversify maritime commerce for the harbor.

The acquisition of the CORP/RailAmerica portion of the line was funded through the conversion of grant awards from the SAFETEA:LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) federal program and a grant from the State of Oregon *ConnectOregon* I program. The conversion of the funding sources was approved by appropriate federal and state entities.

The Port finalized the purchase of 111 miles of the CORP Coos Bay line from RailAmerica in March 2009.

Rehabilitation of the Coos Bay Line and Restoration of Freight Rail Service

Concurrent with the acquisition of the Coos Bay line, Port staff applied for federal stimulus funding available through the American Recovery and Reinvestment Act (ARRA) of 2009, and was successful in acquiring a \$2.5 million grant, which was used for high-priority tunnel rehabilitation. That work was completed in fall 2010. Port staff continued pursuing additional federal and state funds for long-term rehabilitation of the rail line.

In August 2010, the Oregon Transportation Commission awarded the Port \$7.8 million through the *ConnectOregon* III program for repairs to the rail line's three swing-span bridges, upgrades for trestles and other bridges, and phase III and IV tunnel repairs. The Port also was successful in obtaining a \$13.5 million Tiger II (Transportation Investment Generating Economic Recovery) grant in October 2010. These funds allow the Port to rehabilitate rail, ties, ballast and other track components to enable trains to travel at more efficient speeds. Additionally, the Port will be using an estimated \$1 million in grant funds from the Oregon Department of Transportation Rail Division (ODOT Rail) and the Federal Railroad Administration (FRA) to pay for signal upgrades at several mainline at-grade crossings and to construct some new crossings to improve roadway and rail line crossing safety. This was followed by a grant award of \$2.5 million from a SAFETEA:LU pilot program. These funds were used for the purchase of a more environmentally benign treated railroad tie for the rail line rehabilitation. The process is Chemonite® ACZA, and is used to replace creosote-treated rail ties.

In December 2010, the Port acquired the final 23.5 miles of track between Cordes on Coos Bay's North Spit to Coquille, through an agreement with the Union Pacific Railroad.

The Port went through an intense review process to identify a qualified and reputable short line railroad operator to manage train service and day-to-day maintenance on the Coos Bay line. The Port selected ARG Transportation Services, Inc. as the operator and has negotiated a management agreement with that firm. ARG negotiated a Cooperative Marketing Agreement (CMA) with UP, which includes provisions for interchange agreements with other connecting Oregon shortline railroads. The operating name for the rail line is Coos Bay Rail Link -- CBR. The Reporting Mark of CBR was assigned and approved by the American Association of Railroads (AAR).

Cost-effective and competitive freight rail service on the Coos Bay rail line is essential for future diversification of the cargoes moving through the Coos Bay harbor and for support of existing and future industrial operations and corresponding job retention and creation in the south coast region. The Coos Bay line returned to service in early October 2011, with weekly train service between Eugene and the North Spit. Service south of the Coos Bay rail bridge to end-of-track at Coquille was restored in two phases; to the Coos Bay yard and south Coos Bay shippers in October 2012, and to end-of-track in April 2013. The line currently serves more than 12 customers in the three-county region.



07-08-2014 / MLC for OIPCB