



Port of Umpqua
1877 Winchester Ave.
PO Box 388
Reedsport OR 97467

Office: 541.271.2232
Fax: 541.271.2747
portofumpqua@portofumpqua.net

February 17, 2017

Dear Fellow Oregon Public Ports Association Members,

As members of the Oregon Public Ports Association (OPPA) we have committed ourselves to collaboratively focusing on ways to sustain the Oregon economy and grow jobs in each of our respective regions. Despite the good intentions of the association, not all things developed by our organization are beneficial for all involved. The Port of Umpqua has spent years working with its local shipyards as part of a strategic small business development effort here on the south coast. For more than two decades, the Port of Umpqua has purchased land and developed infrastructure that it leased back to this industry resulting in significant regional economic gains. While this long term effort is finally beginning to pay economic dividends, in a meeting on February 16, 2017, it was made clear to this Commission that our proposal (OPPA) for amendment to Oregon Revised Statutes (ORS) 777.210, proposed in House Bill (HB) 2902, will have unintended consequences for these small businesses.

The owners and workers of Gidding's Boat Works, Fred Wahl Marine Construction, Tar Heel Aluminum and Fabrication and Reedsport Machine made it clear that they cannot afford to compete with publically owned shipyards. In support of this conclusion they cite such factors as the high cost associated with operating a small business on the coast, the limited amount of clientele in this industry and the distinct economic advantage of a governmental entity. They stated that they have no issue with port's owning and developing shipyards that they lease back to private business due to the fact that the lessee would be required to pay taxes and operate off of their business activities the same as any other business in Oregon. They requested that the ports (i.e., OPPA) keep ports in a supporting role and not allow them to unfairly compete with the private shipyards of the state.

The Port of Umpqua understands the desire of ports to diversify their business activities and operating shipyards may be an appealing option; however, we find that the negative consequences of this action for some parts of the state outweigh the gains for others. Despite the impact to the years of our efforts to develop our shipyard industry on the south coast, the cost to the men and women who own or work for our small businesses, and who call the south coast home, would be even greater. Our private shipyard operators collectively contribute to hundreds of family wage jobs and are a large piece of the economic puzzle on the south coast and without them areas such as Coastal Douglas County might never achieve economic recovery.

It has been our experience that by playing a supporting role to this industry you can meet the goal of the OPPA of sustaining the Oregon economy and growing jobs without the need to directly interject ourselves into the industry. We hope that you will consider this model paramount to the issues and amend the language of House Bill 2902 to reflect the need of Ports to maintain and develop shipyards as part of a business development and expansion efforts but strike the ability of ports to "operate" such uses. Again, while this bill will benefit a few of our members it will undermine the years of effort by others.

Sincerely,

Steve Reese, President
Port of Umpqua Board of Commissioners

As part of public policy, the Port of Umpqua will attempt to provide public accessibility to services, programs and activities. If accommodation is needed at this meeting please contact the Port office at 271-2232 at least 48 hours prior to the scheduled meeting time.