

Dear Senators of the Senate Committee on Business and Transportation:

Mr. Lee Beyer (Chair)  
Mr. Chuck Thomsen (Vice-Chair)  
Mr. Fred Girod (Member)  
Mr. Rod Monroe (Member)  
Mr. Chuck Riley (Member)

And members of the Oregon Coast Caucus:

Rep. Ms. Caddy McKeown (Chair)  
Sen. Mr. Jeff Kruse (Vice-Chair)

This information was previously sent on February 16 to:

Mr. David Gomberg  
Mr. David Brock Smith  
Ms. Betsy Johnson  
Mr. Arnie Roblan  
Mr. Knute Buehler (my local representative)

I am President of Hockema & Whalen Associates, a Naval Architecture and Marine Engineering firm with offices in Seattle WA and Bend OR (my home residence is in Bend). I grew up in Newport OR and have 37 years' experience in designing commercial fishing vessels. My firm's client base is mainly commercial vessel owners in Oregon, Washington and Alaska. Our design and engineering work is represented in numerous shipyards in these three states.

I am writing to express my concern regarding changes HB 2902 would make to authorize an expansion of public port shipyard activities. Generally I agree with the bill with one major exception. Specifically HB 2902 would modify ORS 777.210:

*777.210. A port may:*

*(8) Acquire, construct, maintain and operate facilities for constructing, repairing or maintaining any type of watercraft.*

I propose to delete "*and operate*" from the bill to read as follows:

*777.210. A port may:*

*(8) Acquire, construct and maintain facilities for constructing, repairing or maintaining any type of watercraft.*

My reasoning is that by allowing ports to operate shipyards we are putting public facilities in direct competition with private shipyards. For private shipyards this presents an unfair competitor in an otherwise private marketplace. I agree with allowing ports to own and maintain shipyards but the facilities should be leased or rented to private companies for performing shipyard work on vessels (watercraft). Unfortunately, other states have allowed public ports to operate shipyards in selected cases and it has put private shipyards in an awkward competitive disadvantage.

Shipyards present challenging business environments with difficult environmental and labor standards to contend with, sometimes returning less than stellar profit margins. Adding public entities operating shipyards will 1) create unfair competition for private shipyards and 2) put more pressure on taxpayers to subsidize shipyard activities.

If you would like further information, I am available to discuss this issue at most times during normal business hours, Monday thru Friday. Thank you for your service to our State of Oregon.

Hal Hockema, P.E.

*President & Managing Principal Engineer*

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