



Respectfully submitted to the Interim Committee on Natural Resources

Thursday, May 28, 2020

RE: Impacts of COVID-19 at the Oregon International Port of Coos Bay (Port):

The Port has three primary lines of business supporting its operations through various revenue generating activities. The economic impacts of the COVID-19 pandemic have been far reaching and have had devastating implications for local businesses throughout Oregon. The Port is no exception. One of the greatest challenges faced in this time is that while many private businesses and non-profit organizations were eligible for PPP dollars through SBA, Special Districts such as the Port currently are not. The Port's wholly owned and operated Coos Bay Rail Line, Inc. is a non-profit organization, under which the Port was able to access PPP funding. However, at this time the Port does not have access to emergency funding to support ongoing operations for the Charleston Marina and Maritime Operations as a Special District. To date, the Port has been forced to lay off three employees due to budgetary shortfalls. Impacts of COVID-19 to the Port's three business lines are outlined below:

Charleston Marina Complex:

Moorage Income:

Moorage income has declined significantly. The Port has seen a decline in commercial vessels that normally would normally come from Washington, California, and neighboring Oregon Ports for various fishing seasons. Commercial vessels are not fishing as much in Coos Bay because most seafood processing plants have significantly reduced operations, and as such are not accepting product.

According to a local seafood processing plant:

- Unprecedented public health measures have caused significant economic disruptions uniquely affecting domestic food producers and distributors (i.e., the "domestic seafood supply chain").
- Forced restaurant closures and active encouragement for Americans to "shelter in place" at home have decimated food service demand virtually overnight. Food service tends to purchase higher-margin, U.S.-sourced products such as Dungeness crab, cold water shrimp, and other fresh, wild-caught products.
- Retail (i.e. grocer) demand has shifted to staples such as chicken, red meat, and frozen imports – my grocery stores have shut down their seafood counters to save space on delivery trucks to make room for the items listed above.
- Revenue loss of 70%+ in some markets.

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Additionally, multiple vessels in the Marina complex that were scheduled to go to auction for non-payment have been reclassified as transient moorage customers as evictions are not permitted under the Governors Executive Order 20-13. The Port does not anticipate payment on these charges.

RV Park Income:

The RV Park Staff have received multiple cancellations from customers that visit the facility annually.

- As of April 15th, 224 revenue night stays had been cancelled.
- Many requests for reservations were declined during the month of April due to a County wide ban on lodging. Despite Coos County reopening lodging beginning May 1, 2020, customers advanced in age are still concerned about maintaining their reservations and are requesting refunds on their deposits.

Commercial Leases:

The Port leases approximately 20 commercial properties in the Marina Complex to businesses supporting the fishing and tourism industries.

- We have received notification from four businesses both verbally and in writing that they will be unable to pay rent due to the impacts of COVID-19. These represent restaurants, a fishing charter business, and a seafood processor leasing a dock.
- Two other tenants had fallen significantly behind in rent prior to the Governor's E.O. 20-13 and continue to incur unpaid rental charges, however, the Port will be unable to evict them until after E.O. 20-13 lifts.
- The fishing community of Charleston is severely economically disadvantaged. The Port anticipates it could face loss of commercial lease revenue from the majority of its commercial tenants before the economy rebounds.

Maritime Commerce

Although maritime commerce at the Port of Coos Bay has remained strong with ten ship calls in the past 6 weeks, forecasts for the coming month anticipate only one ship call. The anticipated decline is related to lagging impacts of imposed stay at home orders and declining purchase orders for commodities originating and terminating.

During the previous 6 weeks while vessel traffic remained steady, a primary issue faced at the Port was a lack of longshore workers. The travel ban restricted travel for longshore from other areas of the state, which left one local gang to load vessels. A log ship recently took four days to load with one gang as opposed to the normal load time of one day. The ship was at berth for a week as opposed to the two

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days it would normally be in port. Delays such as this add tens of thousands of dollars in transportation costs for shippers at the Port.

Coos Bay Rail Line:

The Coos Bay Rail Line (CBRL) saw a roughly 20% decline in revenue carloads between the months of March and April 2020, representing a \$42,000 reduction in gross revenue. The CBRL serves 8 shippers along the line between Coos Bay and the Union Pacific yard in Eugene. These industries employ approximately 800 people in rural southwestern Oregon with family wage jobs.

The primary factors that resulted in reduced carload volume:

- Our largest customer reduced production by 30% in the month of April
- Temporarily curtailed production or closures at customer mills
- Furlough of crews at mills to cut operational costs during the COVID-19 pandemic

Shippers saw significant drops in purchase orders



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