

Stevedore's Evaluation of ROI potential for Coos Bay Container Terminal - as it relates to HB3382.

Please included this comment in the Joint Committee on Transportation packet for May 18, 2023.

As a former project manager for the stevedore company Ports America, I was responsible for infrastructure build out projects at terminals at the Ports of Long Beach, Oakland, Seattle and Tacoma.

As outlined below, it is difficult to imagine how a Coos Bay Container Terminal with its day long train trip to a secondary transfer location is going to provide a ROI that will entice a shipping company into a long-term contract.

For the record I do not support HB3382. I view a container facility at the Port of Coos Bay as high risk even with the unique benefits that HB 3382 would provide by eliminating long standing traditional environmental and public oversight.

- **Financial Analysis.** Has anyone promoting this project and specifically HB 3382 actually provided a financial analysis of where and how and why this makes financial sense?
- **Shipping line reluctance.** Why would a shipping line break down a Panamax or Post Panamax load at a major port with near-rail, to staff and run a coastal container ship into Coos Bay?
- **Near-dock rail service is part of every major port on the West Coast.** The claim that Coos Bay would be the only Port with Rail service near-by is a false claim.
- **Efficiency of RTG's, Reach Stackers and CHE.** Why, when shipping lines can swiftly unload to a near-by main rail terminal, would they choose to ignore that main terminus line and travel into Coos Bay to access a tertiary line?
- **Speed to Market Matters!** Why would a shipper accept the additional handling required to go over a mountain range to reach a secondary rail line? There would have to be a significant cost advantage which might make it unprofitable for the Port of Coos Bay.
- **What Market will Coos Bay Serve?** Where will enough demand come from to warrant beginning ground transportation in Coos Bay? (Eugene?)

Roseburg? Corvallis? Tulsa?) Is that honestly enough to support the million containers a year estimate?

- **Turning Basin - Small Capacity Container Ships.** The turning basin will necessarily be narrow limiting the size of ships which directly limits container carrying capacity of shipping. Dredging thanks to HB3382, without the need for those pesky environmental impact statements, mitigations, public hearings and permits or demonstrated compliance would help here.
- **Dangerous Bar Conditions.** Winter Storms will force ships to wait to cross the bar. This will cause scheduling impacts down the line. When severe, the Port of Coos Bay will simply be bypassed.
- **Dredged Depth Restrictions.** Container ships which can safely navigate a channel dredged to 30 feet (with two feet of keel clearance fully loaded) would be limited to a vessel with a capacity of 500 containers.
- **Cost Benefit Analysis.** How deep and how wide do you have to dredge to increase vessel size to a point where the expense of daily container operations is offset? What disruptions can be weathered and still remain profitable? At what tipping point are you killing the estuary and the myriad industries that depend upon it?
- **1,000,000 Containers Annually. The oft stated expectation...** If every container on every ship capable of transiting a channel dredged to 30 feet *and* is completely unloaded in Coos Bay; that would require 2,000 inbound transits of the Coos Bay Bar or approximately 5.5 ships arriving every day. And of course, 2,000 more Bar crossings to leave. The more bedrock blasting of a coho waterway the bigger the ship up to the limits of the turning basin and dock. So, it could be fewer, larger ships but with more significant destruction of threatened coho habitat.
- **Berthage.** Will there be enough dock space for five or six ships per day? (assuming a 30 ft deep channel at low tide (not MLL) with 1Mport volume). How much waterfront is available for the proposed terminal?
- **Anchorage.** Will there be enough anchorage space to wait for room at the dock? Will extra precautions be necessary given the massive exchange of water four times a day?
- **Cranes.** Will there be enough cranes for projected ship volume? Will they have the capacity to load and unload wind turbine components?
- **Labor Unions, Shipping Lines, Rail Lines, Ports and Stevedores.** The reality is these working relations are always negotiated and not always smooth.

Slowdowns, Strikes and Shenanigans are part of the challenge that might have container ships steaming past the little port that couldn't.

- **Jobs... The Build Out... and beyond...** With initial construction expect a huge influx of union members from throughout the Pacific Northwest and elsewhere arriving en masse to secure the "Jobs for the SW coast" (*the labor pool will not be from Coos Bay*). And when they all leave; How many "good jobs" are there really going to be for locals with an automated port? The stated estimate of 6,000 jobs I suspect is not a total for "regional long-term good jobs."
- **The Rail Line.** Currently the rail line South is regularly under water at high tide. The line North will require improvements to handle a train with 2,740 containers a day (Remember a million containers a year divided by 365 days.) How many miles long is a train with 1,370 double stacks?
- **The Rail Line Redux.** Using the language of HB3382 - Will the rail line controlled by the Port of Coos Bay moving containers over the coastal range be free to avoid state and local land use laws? (Summary SECTION 2. (1)(b)(A)) Since they will be crossing waterways along the rail line this interpretation is available.
- **Develop an RFP.** Find out definitively what a long-term tenant of the container terminal requires. Do Not rely solely on NorthPoint Development. I would hope for three RFP responses minimum. This would go a long way to informing the design of the facility. Or, demonstrating its lack of a viable long-term financial foundation in competition with large established mega west coast ports.
- **So... What does the Railroad Think?** How will they be profitable? How long does a train have to be to move 2,740 containers a day? (Again, remember the announced million containers a year $1M/365 = 2,740$) How many bridges are going to require reinforcing and seismic upgrades?
- **Trucking.** If the expected volume is too great to remain exclusive to rail, will mountain pass roads be able to handle the additional eighteen-wheel truck volume? Carbon footprint? Small communities along the highway will be disrupted but unable to voice concerns due to the community involvement bypass written into HB3382?
- **Empty Containers.** Will work flow allow for the containers to be transited and loaded for the return trip overseas? Will the terminal footprint be large enough for this exchange storage?

- **Competitors.** Taking a million containers from someone else's business will not be easy. What is the west coast container volume forecasts for five, ten fifteen and twenty years out? Will East coast and Gulf coast terminals improve efficiencies and draw business away? They are of course days closer to major markets.
- **Vessel Pollution.** Plugging in at the dock is nice but unlikely to silence all the diesels onboard. The massive increase in channel traffic will have a noticeable impact to air quality. And then there is water quality with the ubiquitous risk of spills.
- **The Estuary.** It seems that it repeatedly/continuously needs vigilant oversight and protection. Unfortunately, it can only be destroyed once. Tread Softly.

Surprisingly *no one* making a statement in support of the Coos Bay Container terminal (and not necessarily HB3382) at the May 16th Joint Transportation Committee meeting spoke to the Elephant in the Room –

The Offshore Wind Energy Development and the need for a project staging area.

It should be noted that resistance to this offshore project is already in place. The Curry County Commissioners have already come out in opposition to the Offshore Wind Energy Development Project. Financially, the Federal leases completely bypasses compensation to Curry County for the abolition of its pristine Wild Rivers Coast.

Economically, critical fishing and spawning grounds will be tortured or become completely off limits. Viewsheds for tourists will now be cluttered diminishing that critical economic sector as well. I am told that migratory routes both above and below the surface of the water will be negatively impacted.

- What will be the carbon footprint be for the construction of this project?
- How long will the offset take to obtain? Can it ever become positive with depreciation?
- What unique requirements will the Port of Coos Bay have to meet?
- Will the container terminal design be sufficient for wind turbines?
- Engineers regularly underestimate the power of nature in the Pacific Northwest. Will anything stand up to winter storms? Cascadian Fault movement?

- Will this result in a flush of long-term good paying jobs to the SW Coastal community or will it be just another gold-rush of imported labor for a few years?

Some Final Thoughts...

If a terminal is built for containers in Coos Bay but the market does not support its long-term viability where will Coos Bay be? Tumbleweeds past rusting cranes? If the reliance is on the offshore wind energy project for stable jobs, where will Coos Bay be when that project completes?

The clarion call of “Jobs” is rallying and exciting and jobs are needed on the South Coast. We see timber and fisheries contracting as they evolve to the times. The *Zoom Culture* has brought an influx of well-paid home owners moving to the area but keeping their high paying jobs. But the canard that the job numbers heralded with a port project and an offshore energy project will be here forever is false.

The forecast for the local economy after the ribbon cutting is the forecast that matters. Has anyone seen that evaluation?

My skepticism that a container terminal in Coos Bay will provide long-term benefits is based on a career working infrastructure projects at the major ports on the west coast. To rush with such hubris an unvetted deal like HB3382 to passage without any idea of what is in this Port Pandora’s Box is pure folly.

If you plan to put the Coos Bay Estuary under the extreme pressure of dredging and mitigation etc. with significantly diminished oversight – *Oversight which I believe Oregonians would demand remain in place* - then you need to be damm sure that the benefits to the community are clear and permanent. At this time that is not even remotely beginning to present itself.

For this reason, I oppose HB3382.

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