

T. 7. b.

Memorandum Date: August 8, 2008  
Order Date: August 20, 2008

---

**TO:** Board of County Commissioners  
**DEPARTMENT:** Administration, Intergovernmental Relations  
**PRESENTED BY:** Alex Cuyler  
**AGENDA ITEM TITLE:** **Resolution No.** / In the matter of the Coos Bay Line of the Central Oregon and Pacific Railroad, Surface Transportation Board hearing August 21, 2008, Eugene, Oregon

---

**I. MOTION**

Move to approve resolution as drafted and direct Board Chair Faye Stewart to provide same to the Surface Transportation Board during its hearing on August 21, 2008 in Eugene, Oregon on the issues of abandonment and feeder line application related to the Coos Bay Line of the Central Oregon and Pacific Railroad.

**II. AGENDA ITEM SUMMARY**

Lane County and other interested parties have requested that the Surface Transportation Board hold a hearing on the future of the railroad line that currently connects Eugene to the Port of Coos Bay. It is to be held on August 21. The proposed resolution concisely states Lane County's interest in this action.

**III. BACKGROUND/IMPLICATIONS OF ACTION**

**A. Board Action and Other History**

- On August 1, 2007 the Executive Director of the International Port of Coos Bay briefed the Board on their long term plans, including the siting of a container loading facility and a liquefied natural gas loading facility. During this meeting the status of the rail line was raised and discussed.
- On July 23, 2008, County Administrator Jeff Spartz submitted a letter to the Surface Transportation Board requesting that a hearing on the future of the rail line be held in Eugene. This letter came before the Board during their regular meeting that day, during Administrator's Business.
- On August 8, County Administrator Jeff Spartz submitted a letter to the Surface Transportation Board requesting that Commissioners Stewart and Fleenor be allowed five minutes each to speak at the hearing, in accordance with Surface Transportation Board protocol.

**B. Policy Issues**

At issue is the preservation of an approximately 100 mile long transportation right of way, half of which is in Lane County. The line represents a significant economic link between the southern Willamette Valley and the only deepwater port on the Southern Oregon coast.

**C. Board Goals  
(Strategic Plan)**

D. Revenue Development, 3. Pursue entrepreneurial opportunities

**D. Financial and/or Resource Considerations**

At the current level of involvement, the resources necessary to participate in this hearing are negligible.

**E. Analysis**

Railroad infrastructure is increasingly valuable. Energy, climate considerations, and economic development advantages are embodied when rail is utilized instead of individual trucks. The need for local economies to function efficiently is becoming more and more apparent.

In September, 2007 the Central Oregon and Pacific Railroad abruptly cancelled service to shippers along the Coos Bay Line, running from Eugene to Coos Bay. In doing so, it suggested that the line had become unsafe due to issues related to tunnel portals. It is now seeking "abandonment", a process whereby it is able to discontinue service along the line and dismantle the infrastructure of the line. This would entail dismantling 153 water crossings (most of which are in Lane County) and decommissioning 9 tunnels, most of which are also in Lane County.

The Port of Coos Bay has concurrently filed a petition to purchase the line (a Feeder Line Application). The Port intends to resume rail traffic along the line, likely through an arrangement with a yet to be determined short line provider. It seeks to ensure rail service to several industrial facilities of high importance to the economies of Coos, Douglas and Lane counties.

The body that makes the final decision relating to the future of the line is the United States Surface Transportation Board (STB). It will meet in Eugene on August 21 to hold a public hearing relating to the abandonment request and feeder line application.

Local government testimony is encouraged, and weighs on the ultimate decisions reached by the STB.

**F. Alternatives/Options**

In the short term, the Board only needs to decide whether to adopt the resolution and submit it as part of the testimony provided at the August 21 hearing.

The Board may also want to consider whether the county should submit comments or a formal protest to the proposed abandonment to the STB on or before August 28, 2008. The longer term issues may be more

complicated and do depend on the outcome of the hearing. It is expected by most parties involved that the STB will order the sale of the line. The Port of Coos Bay has an interest in purchasing the line as it is in relatively good shape (for modern intermodal transport, the curves are not too sharp, the grades are not too steep, and for the most part the tunnels are high enough). What remains to be seen is at what price the line is sold for, and how the Port (if successful in purchasing it) can leverage ownership to improve economic activity at their site. Further, what implications resumption of service on the line will have to the economy and livability of Lane County is a question that will need to be contemplated.

**IV. RECOMMENDATION**

Approve the motion as described above, and continue to communicate with the Port of Coos Bay and other stakeholders.

**V. TIMING/IMPLEMENTATION**

The hearing is on August 21, but public comment is accepted by the Surface Transportation Board until August 28, 2008.

**VI. FOLLOW-UP**

Staff will continue to provide information to the Board on this issue.

**VII. ATTACHMENTS**

Draft Resolution

BEFORE THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

RESOLUTION NO.

IN THE MATTER OF ADVISING THE SURFACE  
TRANSPORTATION BOARD OF LANE  
COUNTY'S OPPOSITION TO ABANDONMENT  
OF THE COOS BAY LINE, SUPPORT OF  
FEEDER LINE APPLICATION OF THE  
INTERNATIONAL PORT OF COOS BAY AND  
DEVELOPMENT OF RAILROAD  
INFRASTRUCTURE TO SOUTHWEST  
OREGON COMMUNITIES

**WHEREAS;** economic development, energy and climate considerations are paramount in decisions related to transportation in Oregon; and

**WHEREAS;** the preservation of existing transportation infrastructure provides for a diversity of modal opportunities for the residents and businesses of Lane County and Oregon; and

**WHEREAS;** Lane County maintains a working relationship with its partner counties across Oregon; and

**WHEREAS;** Lane County received a briefing from the International Port of Coos Bay (the "Port") on its long term plans in August 1, 2007, and pledged to continue open communications and opportunities for mutual gain; and

**WHEREAS;** Lane County is home to approximately 50 miles of track currently named the Coos Bay Line of the Central Oregon and Pacific Railroad; and

**WHEREAS;** the Central Oregon and Pacific Railroad suddenly and without notice ceased operations on the Coos Bay Line in September, 2007, and is now petitioning the United States Surface Transportation Board to abandon the line; and

**WHEREAS;** the Port has filed a feeder line application with the United States Surface Transportation Board to place the Coos Bay Line under the authority of the Port; and

**WHEREAS;** the Surface Transportation Board is meeting in Eugene on August 21, 2008, to discuss these issues, partially in response to a request from Lane County; and

**WHEREAS;** the loss of rail capacity at the Port threatens the economic investments of several Oregon firms, which combined provide between 700 to 800 family wage jobs in Lane, Coos and Douglas Counties; and

**WHEREAS;** the loss of rail capacity at the Port has been required replacement by 1100 truck trips per month, many of which are travelling into or through Lane County communities; and

**WHEREAS;** the loss of rail capacity at the Port reduces the ability of the Port to compete for further industrial development, the impact of which will be felt in Lane County communities;

**NOW, THEREFORE, IT IS HEREBY RESOLVED THAT:**

Lane County opposes Central Oregon and Pacific Railroad's proposed abandonment of the Coos Bay Line as being contrary to the interests of the citizens of Lane County, and it is further resolved that;

Lane County supports the Port's Feeder Line application filed with the Surface Transportation Board to acquire ownership and control of the Coos Bay Line as benefiting the interests of the citizens of Lane County, and it is further resolved that;

Chairman Faye Stewart and Commissioner Bill Fleenor will deliver Lane County's opposition to the proposed abandonment of the Coos Bay Line to the Surface Transportation Board hearing on August 21, 2008, and it is further resolved that;

Chairman Faye Stewart and Commissioner Bill Fleenor will deliver Lane County's support of the Feeder Line Application filed by the Port to the Surface Transportation Board hearing on August 21, 2008, and it is further resolved that;

Lane County will seek to further develop railroad infrastructure in Lane County such that the movement of freight to Southwest Oregon communities and ocean ports is expedited.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Chair, Lane County Board of Commissioners

APPROVED AS TO FORM  
Date 8-13-08 Lane County

\_\_\_\_\_  
OFFICE OF LEGAL COUNSEL