

**News Release from: Oregon Economic and Community Development STATE PARTNERS WITH PORT OF COOS BAY TO PURCHASE RAIL LINE  
Posted: February 5<sup>th</sup>, 2009 1:08 PM**

**Acquisition Critical to Preserve More than 750 jobs on South Coast and to preserving vital transportation infrastructure for commerce and goods**

The Oregon Economic and Community Development (OECD) Commission Thursday approved \$12.6 million in bridge loans that will enable the Port of Coos Bay to purchase the rail line that was shut down by Central Oregon & Pacific Railroad (CORP).

As a result of the September 2007 short-line closure – traveling 120 miles between Eugene and Coos Bay – approximately 750 direct jobs at rail-served manufacturing sites in the South Coast region are at risk. The potential loss of jobs in the manufacturing sector could also have triggered in the loss of a larger number of indirect and induced jobs in the region, local officials estimated.

“This rail line is critical to the future economic stability for the Southern Oregon Coast,” said Tim McCabe, Director of the OECD. “This bridge loan is important because of the timeline imposed on the purchase of the line and is one way the state can help preserve jobs and economic opportunities for Southern Oregon.”

Prior to the Central Oregon & Pacific (CORP) Railroad’s closure of the Coos Bay rail line in September 2007, freight rail service was available to many regional firms including Roseburg Forest Products, Georgia-Pacific Inc., Southport Forest Products, Coos Head Forest Products, American Bridge Manufacturing, Westwood Lumber, AmeriGas and Ferrellgas. The rail service closure has significantly increased shipping costs for all commodities and has resulted in layoffs at various mills. Additionally, several firms have stated that lack of rail service will eventually lead to reallocation of long-term plant investments and possible relocation of manufacturing operations to other rail-served locations.

“Railroads are a vital part of Oregon’s transportation system and its support to the state’s economy,” said Kelly Taylor, Administrator of the Oregon Department of Transportation Rail Division. “For 93 years, this rail line has been instrumental to the economic development of the southern Oregon coast and beyond. Today’s action ensures that it will continue to support Oregon’s prosperity into the future.”

On Thursday, the OECD Commission unanimously approved two Special Public Works Fund loans totaling approximately \$12.6 million to allow the Port to have sufficient funds to purchase the line later this month. One loan, for \$7.2 million, will be paid off within 24 months following the Port’s receipt of federal transportation funds. The second loan - \$5.4 million – has a 25 year repayment schedule. In addition, to these loans, ODOT provided \$4 million in ConnectOregon financing for the project.

“Oregon could not afford to lose the Coos Bay rail line and access to the harbor at Coos Bay,” said Sen. Joanne Verger (D-Coos Bay). “All parties – from state and federal government to communities, businesses and employees who depend upon the rail line – have worked tirelessly to preserve hundreds of jobs and ensure the long-term economic viability of the region.”

“Today is a great day for Oregon and the South Coast region,” said State Rep. Arnie Roblan (D-Coos Bay). “This has been a difficult and uncertain period for the entire region, and we are excited to move forward with a plan to preserve this critical component of our local manufacturing economy.”

Central Oregon & Pacific Railroad (CORP), the current owner of the line, filed a rail service embargo notice with the Association of American Railroads for the majority of the Coos Bay rail line from west of Eugene to Coquille and discontinued railroad service in late September 2007. CORP stated that three tunnels on the line were unsafe and did not comply with Federal Railroad Administration standards. They sought funding assistance plus annual subsidies from ODOT’s Rail Division to restore service on the line.

On November 10, 2008 the federal Surface Transportation Board awarded the Port to opportunity to purchase the line for \$16,605,987 with the purchase to be completed by February 18, 2009.

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The Oregon Economic and Community Development Department works to create, retain, expand, and attract businesses that provide sustainable, living wage jobs for Oregonians through public-private partnerships, leveraged funding, and support of economic opportunities for Oregon companies and entrepreneurs. Visit [www.oregon4biz.com](http://www.oregon4biz.com) for more information on doing business in Oregon.