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Testimony of Catherine "Caddy" McKeown; Vice President
Board of Commissioners, Oregon International Port of Coos Bay
Before the Surface Transportation Board – August 21, 2008, in Eugene, Oregon

AB-515 Sub 2
FD 35160

Gentlemen. I appreciate your presence here today. The Oregon International Port of Coos Bay's feeder line application and the Central Oregon & Pacific Railroad's abandonment application are vital issues whose resolution will significantly impact the future of our region

The Coos County region has a rich history of enterprise and self-reliance. My roots here are deep. My great-grandfather emigrated from Sweden in 1905 to work in the building trades. My great uncle came from Scotland in 1914 to mine coal and my grandfather built a cedar mill in the '30s, shipping crates to orange growers in California by rail. These examples and many others portray the work ethic and high standards that have stood for more than a century. Through vision and diligence, our ancestors built communities that flourished. Coos Bay and North Bend grew because there were jobs to be had; jobs with good paychecks. My husband and I were born and raised here and I can tell you, it was a great place to grow up. As kids, we didn't connect the vitality and energy here with the industry, but we sure benefitted from it. Everyone did. Cargo was being shipped by rail and sea, and with an active rail system and 300 ships calling the harbor each year, it was a bustling and energetic community. Life was good.

Much has changed. Many timber companies left, taking with them good jobs and good paychecks, sapping the vigor and vitality of a once-thriving region. It's been difficult to witness. As a member of the Coos Bay School Board for more than a decade, I watched student enrollment go from almost 4,000 to 2,500 – and it's still dropping. As jobs and young families disappeared, we pared back. We closed seven schools, slashed budgets, and still had to cut more. We even trimmed days off the school calendars. Tightening our belts – it's been an ongoing theme for life here for more than 25 years.

But faith in the future and great expectations are also recurring themes for us. Knowing that we could rely on our foundation of existing infrastructure – the deep-water port and the rail line – we continued to believe that family wage jobs would again flourish. In preparation, the port district acquired 1,300 acres of industrial land with water access. We partnered with the state and others to build a rail spur to provide rail access for the CORP to our existing and potential customers. Public agencies and private individuals continue to work together to craft an industrial presence for the region. As a member of the port commission and the Energy Trust of Oregon board of directors, I welcomed the opportunity to engage in focused efforts to attract new industry, especially green industry, and the jobs that would come with them

One emerging industry seemed readymade for our community. With the deep-water port, existing freight rail service and an active and permitted ocean outfall, the Coos Bay area was on the short list of potential sites for expansion by the Tokuyama Corp., which produces polysilicon for photovoltaic solar panel manufacturing. That project remained in Japan, but the door was open, and three other companies showed interest in the 140-acre North Spit site. Negotiations were under way that could have resulted in the Bay Area becoming a center for polysilicon manufacturing.

But on September 21, 2007, Florida-based RailAmerica, owner of the Central Oregon & Pacific Railroad, closed the Coos Bay line with one day's notice. When the rail line closed, those three polysilicon manufacturers immediately crossed the Coos Bay site off their lists. We no longer met their basic requirements. People throughout the area continue to ask, "Is that any way to run a railroad?" and, of course, the answer is "no."

But that's because it's not simply a railroad we're dealing with here. It's a hedge fund – Fortress Investment Group LLC – and hedge funds don't care what happens in the long term. They simply focus on immediate returns. But that's not an option for us; we must look at the long term. Doing the hard work necessary to build for the future is our responsibility. Sadly, Fortress and RailAmerica feel no such obligation. They bought a

railroad and didn't like what they saw, so now they're shirking their responsibility, want to rip up the tracks and reap a windfall in the scrap metal market.

To allow them to do so would be scrapping the future for the thousands of Coos Bay area residents who have continued to believe in the promise of prosperity. I believe my community deserves better than that.

I must tell you that our hopes have been badly shaken by this rail line closure. This is a particularly bitter blow because Oregon's south coast doesn't have interstate highways or direct connections to them. Our rail line is an extremely vital transportation link.

After an a quarter-century of economic setbacks, with industrial promise bright on the horizon, it is unthinkable that a hedge-fund operator's actions should destroy the future for the people of the Coos Bay area – and gentlemen, we just don't believe you're going to allow that to happen.