



M E M O R A N D U M

TO: Interested Parties
FROM: John Burns, President
DATE: June 14, 2023
SUBJECT: Coos Bay Rail Line, Inc. Board of Directors Meeting & Budget Hearing

The **Board of Directors** of the Coos Bay Rail Line, Inc. will hold a Regular Meeting and a Budget Hearing at 9:30 a.m., Tuesday, June 20, 2023, in the Port’s Commission Chambers, located at 125 West Central Avenue, Suite 230, Coos Bay, Oregon 97420.

The purpose of the hearing is to discuss with interested persons the FY 2023/24 budget as approved by the Coos Bay Rail Line, Inc.’s Budget Committee. Copies of the budget document may be inspected or obtained at www.portofcoosbay.com/finances or by calling the Administrative office at 541-267-7678.

Members of the public are invited to view the meeting live on the Port of Coos Bay’s YouTube Channel at the following link: www.youtube.com/portcoos.

To provide public comment during the meeting or the hearing, please call the Administrative office at 541-267-7678 by 8:00 a.m. on Tuesday, June 20, 2023. Written comment will be accepted until 8:00 a.m. on Tuesday, June 20, 2023 by sending an email to portcoos@portofcoosbay.com with the subject line ‘Public Comment’.

JB/lf

COOS BAY RAIL LINE, INC.
REGULAR BOARD OF DIRECTORS MEETING
and Budget Hearing
9:30 a.m., Tuesday, June 20, 2023
Port Commission Chambers, 125 West Central Avenue, Suite 230, Coos Bay, Oregon 97420
Watch Live on YouTube: www.youtube.com/portcoos

T E N T A T I V E A G E N D A

- 1. CALL MEETING TO ORDER**
- 2. INTRODUCTION OF GUESTS AND STAFF**
- 3. PUBLIC COMMENT**
- 4. CONSENT ITEMS** **Page**
 - A. Approval of June 16, 2022 Regular Board Meeting & Budget Hearing Minutes4
 - B. Approval of May 24, 2023 Budget Committee Meeting Minutes7
- 5. BUDGET HEARING – FY 2023/24 BUDGET** **Page**
 - A. Public Hearing
 - B. 2023Res01: Adoption of Budget and Making Appropriations –
 Combined for Fiscal Year 2023/24Megan Richardson, 11
- 6. ACTION ITEMS** **Page**
 - A. Appointment of Directors and Election of OfficersMegan Richardson, 14
 - B. 2023Res02: Update Signature Authority on Umpqua Bank AccountMegan Richardson, 15
- 7. OTHER**
- 8. BOARD OF DIRECTORS COMMENTS**
- 9. NEXT MEETING DATE – To Be Determined**
- 10. ADJOURN**

Consent Items

DRAFT
COOS BAY RAIL LINE, INC.
Coos Bay, Oregon
REGULAR BOARD OF DIRECTORS MEETING & BUDGET HEARING
9:30 a.m., Thursday, June 16, 2022
Port Commission Chambers, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

ATTENDANCE

Board of Directors:

David Kronsteiner, Chair; Eric Farm, Treasurer/Secretary; and John Burns, President.

Port/Rail Staff:

Rich Lopez, General Manager; Megan Richardson, Director of Finance; Treece Rempelos, Train Master; and Krystal Karcher, Administrative Assistant.

Media & Guests:

Greg Harvey, Coos Bay Shipping Terminal.

1. CALL MEETING TO ORDER

Chair David Kronsteiner called the meeting to order at 9:32 a.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. PUBLIC COMMENT

4. CONSENT ITEMS

A. Approval of June 22, 2021 Regular Board Meeting Minutes

Upon a motion by Director Burns (second by Director Farm), the Board of Directors voted to approve the June 22, 2021 Regular Board Meeting Minutes. **Motion Passed.**

B. Approval of May 25, 2022 Budget Committee Meeting Minutes

Upon a motion by Director Burns (second by Director Farm), the Board of Directors voted to approve the May 25, 2022 Budget Committee Meeting Minutes. **Motion Passed.**

5. BUDGET HEARING – FY 2022/23 BUDGET

A. Public Hearing

Chair Kronsteiner opened the public hearing at 9:35 a.m.

The Coos Bay Rail Line, Inc.’s Budget Committee approved the proposed Fiscal Year 2022/23 Budget after its first budget committee meeting May 25, 2022. Each year, following the Budget Committee’s approval of the budget, the Board is required to hold a public hearing. The objective of the public hearing is to receive testimony from any person present. The public hearing is scheduled for 9:30 a.m., June 16, 2022, prior to the regular Board of Directors meeting.

During the regular Board meeting, the Board is **allowed to make changes to the budget if the total change in any fund does not exceed \$5,000 or 10%**, whichever is greater. Changes in excess of 10% would require the Board to publish notice of a second budget hearing and a new financial summary and hold the second hearing before the adjusted budget can be adopted.

If no significant changes are made, the Board should consider approval of the resolution adopting the budget.

Chair Kronsteiner asked for any public comment or testimony on the proposed resolution. There being none, Chair Kronsteiner closed the public hearing at 9:37 a.m.

B. 2022Res01: Adoption of Budget and Making Appropriations – Combined for Fiscal Year 2022/23

Upon a motion by Director Farm (second by Director Burns), the Board of Directors voted to approve Resolution 2022Res01, a resolution adopting a budget and making appropriations – combined for the 2022/23 fiscal year. **Motion Passed.**

6. SUPPLEMENTAL BUDGET HEARING – FY 2021/22

A. Public Hearing

Chair Kronsteiner opened the public hearing at 9:39 a.m.

The CBRL Fund has an increase in expenses in the Transportation Department. They are related to an increase in staff needs and the increased cost of Fuel.

Staff wishes to amend the 2020/21 budget as follows:

<u>CBRL Fund</u>	<u>Budgeted Amounts</u>	<u>New Amounts</u>	<u>Change</u>
Administration	1,958,295	1,413,295	(545,000)
Maintenance of Way	888,237	888,237	-
Transportation	1,327,757	1,872,757	545,000
Mechanical	691,043	691,043	-
CBRL Fund Total	4,865,333	4,865,333	-

Under Oregon Budget Law, a resolution intra-transfer may be approved at a regular board meeting if appropriations are transferred from an existing appropriation category to another existing appropriation category within the fund and the net change fund’s total appropriation is zero. Staff wishes to amend

the budget in the CBRL Fund to reallocate \$545,000 appropriation authority from the Administration department to the Transportation department; which is a net-zero change in the CBRL fund's total.

Chair Kronsteiner asked for any public comment or testimony on the proposed resolution. There being none, Chair Kronsteiner closed the public hearing at 9:40 a.m.

B. 2022Res02: Adoption of Supplemental Budget for FY 2021/22

Upon a motion by Director Farm (second by Director Burns), the Board of Directors voted to approve Resolution 2022Res02 adopting the supplemental budget for fiscal year 2021/22 reallocating appropriations from Administration to Transportation. **Motion Passed.**

7. **OTHER**

8. **BOARD OF DIRECTORS COMMENTS**

President Burns thanked staff for their efforts for the Coos Bay Rail Line, Inc. There are many exciting things to look forward to in the next budget cycle.

9. **NEXT MEETING DATE** – To Be Determined.

10. **ADJOURN**

Chair Kronsteiner adjourned the meeting at 9:42 a.m.

DRAFT
COOS BAY RAIL LINE, INC.
Coos Bay, Oregon
BUDGET COMMITTEE MEETING
2:00 p.m., Wednesday, May 24, 2023

Port Commission Chambers, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

ATTENDANCE

Board of Directors:

John Burns, President; and Eric Farm, Chair.

Budget Committee:

Maeora Mosieur; Elise Hamner; and Shane McGowne.

Port and CBRL Staff:

Lanelle Comstock, Chief Administrative Officer; Megan Richardson, Director of Finance and Accounting, and Budget Officer; Brian Early, CBRL Operations Manager; Brad Stiennon, CBRL Operations Manager; Treece Rempelos, CBRL Train Master; Mike Dunning, Chief Port Operations Officer; Margaret Barber, External Affairs & Business Development; Rick Adamek, Director of Asset Management; Mary Green, Fiscal Support Technician; and Laura Fortin, Administrative Assistant.

Media & Guests:

Nick Edwards

1. CALL MEETING TO ORDER

Megan Richardson, Budget Officer, called the meeting to order at 2:04 p.m.

2. INTRODUCTIONS

3. SELECTION OF BUDGET COMMITTEE CHAIR

Upon a motion by Elise Hamner (second by Shane McGowne) the Budget Committee members voted to appoint Maeora Mosieur as Budget Committee Chair. **Motion Passed.**

4. RECEIVE FY 2023/24 BUDGET MESSAGE BY MEGAN RICHARDSON, BUDGET OFFICER

Coos Bay Rail Line, Inc. is a wholly owned subsidiary of the Oregon International Port of Coos Bay. The Coos Bay Rail Line provides a fundamental link in the Port's economic development mission by providing local and regional businesses with safe, direct, efficient, and cost-effective rail access to the national rail network and global markets.

CBRL's focus for the coming 2023/24 budget year is for continued safe and reliable rail service accomplished with effective management and training of employees, and consistent inspections of infrastructure and equipment. Another critical focus will be ongoing maintenance and grant funded capital improvement projects to enhance existing operations.

This year's budget has a projected net zero balance for the fiscal year-end. Any excess revenue earned by CBRL is paid to the Port to support future rail infrastructure needs. Revenues are based on projected 12,322 carloads and budgeted at a total of \$8,932,976. Of that, \$7,575,868 comes from freight movement, \$1,357,108 comes from car repair.

For expenses, Personnel Services total \$2,458,598 for a total of 26.0 FTE. Materials and Services are budgeted at \$6,474,378 and this includes the fees paid back to the Port. Total expenses are projected to be \$8,932,976.

5. REVIEW THE PROPOSED DEPARTMENT BUDGETS

A. Administration - Megan Richardson, Director of Finance & Accounting

Administration Personnel Services is budgeted for 4.0 FTE at \$508,820. Staff currently consists of two Operation Managers and a Trainmaster; the General Manager position remains unfilled. Materials and Services are budgeted at \$2,589,321, and include software subscriptions, utilities at the Hall building, auditing fees, liability insurance, car hire fees, ODOT Annual Revenue Fee, and the Port Administration fee. The Port Administration fee is 10% of the revenue from rail car movements that is paid back for the administrative services provided by the Port (Accounts Payable, Accounts Receivable, Payroll, HR, Project Management, etc.).

B. Maintenance of Way - Brad Stiennon, Operations Manager

The Maintenance of Way Personnel Services is budgeted at \$626,084 for 7.0 FTE, which includes a newly budgeted Bridge Inspector. Materials and Services for this department is \$634,375 and includes training; bridge and crossing electricity; tie disposal; tools and supplies; fuel; routine repair & maintenance of bridges, track and signals; and vegetation control.

Ms. Mosieur asked for further explanation on the substantial increase in the amount budgeted for bridge repairs. Mr. Stiennon said the budgeted increase for bridge repairs is to be proactive and to get ahead of any needed emergency repairs. President Burns said there are about 123 water crossings on the rail line, which are mostly made of aging wood, that are constantly needing repairs. Mr. Dunning said some of the expense in this line items is for repairs that will be covered by the tax credit which will be refunded.

C. Transportation – Brian Early, Operations Manager

The Transportation Department budget includes Personnel Services of \$994,811 for 11 full-time Engineers and Conductors. Materials and Services are budgeted at \$2,298,050. This includes fuel and oil for the locomotives, as well as leased locomotives, PPE and Operational supplies, and handheld radios. Approximately \$2 million of this budget is for diesel and oil for the locomotives and \$255,000 is for leasing additional locomotives.

Ms. Hamner asked if alternative fuel locomotives are an option. Mr. Early said the alternative fuel locomotives currently don't pull very well but it is an ongoing developing technology.

Ms. Mosieur asked if the projected car loads for the next fiscal year are higher or lower than the current year. Mr. Early explained the projected car loads are lower than the current year because the current year's carloads anticipated a customer at Terminal One.

D. Mechanical – Brian Early, Operations Manager

The Mechanical Department budget includes Personnel Services at \$328,883 for 4.0 FTE. Materials and Services are budgeted at \$952,631. This includes contracted locomotive repair; tools & supplies; hazardous material disposal; and crane rental. Approximately \$70,000 of this budget is for traction sand for the locomotives, \$300,000 for locomotive parts, and \$252,000 for car repair parts.

6. CONCLUDING COMMENTS BY MEGAN RICHARDSON, DIRECTOR OF FINANCE & ACCOUNTING

Ms. Richardson thanked the Budget Committee for taking their time to support the budget process, and thanked staff for their work putting this budget together. CBRL is working to improve safety and reliability while using a rail line that is over 100 years old and relying on aging or limited equipment. Resources have been allocated to the best of ability to ensure necessary tools and opportunities are being provided for employees to do the best possible job.

7. PUBLIC COMMENT

8. COMMITTEE COMMENT

President Burns commented on the good job staff had done putting together the budget plan; pointing out that this is the first budget for Brian, Brad, and Treece, and they did a great job.

9. PRESENT THE MOTION TO RECOMMEND THE BUDGET TO THE BOARD OF DIRECTORS FOR ADOPTION, OR SCHEDULE A FOLLOW UP MEETING

Upon a motion by Elise Hamner (second by Shane McGowne), the Budget Committee voted to approve the budget for fiscal year 2023/24 and recommend to the CBRL Board of Directors for adoption. **Motion Passed Unanimously.**

10. ADJOURN MEETING

Budget Chair Maeora Mosieur adjourned the meeting at 2:25 p.m.

Budget Hearing

**COOS BAY RAIL LINE, INC.
BOARD OF DIRECTORS
ACTION/DECISION REQUEST**

DATE: June 14, 2023

PROJECT TITLE: Resolution 2023Res01: Adoption of Budget, Making Appropriations – Combined for the 2023/24 Fiscal Year

ACTION REQUESTED: Adoption of Resolution 2023Res01: Adoption of Budget, Making Appropriations – Combined for the 2023/24 Fiscal Year

BACKGROUND:

The Coos Bay Rail Line, Inc.’s Budget Committee approved the proposed Fiscal Year 2023/24 budget after its first budget committee meeting May 24, 2023. Each year, following the Budget Committee’s approval of the budget, the Board is required to hold a public hearing. The objective of the public hearing is to receive testimony from any person present. The public hearing is scheduled for 9:30 a.m., June 20, 2023, prior to the regular Board of Directors meeting.

During the regular Board meeting, the Board is **allowed to make changes to the budget if the total change in any fund does not exceed \$5,000 or 10%**, whichever is greater. Changes in excess of 10% would require the Board to publish notice of a second budget hearing and a new financial summary and hold the second hearing before the adjusted budget can be adopted.

If no significant changes are made, the Board should consider approval of the resolution adopting the budget.

RECOMMENDED MOTION:

Approve Resolution 2023Res01, a resolution adopting a budget and making appropriations – combined for the 2023/24 fiscal year.

Resolution 2023Res01

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
COOS BAY RAIL LINE, INC**

**A RESOLUTION ADOPTING A BUDGET, MAKING APPROPRIATIONS
- COMBINED FOR THE FISCAL YEAR 2023/24**

BE IT RESOLVED that the Board of Directors of Coos Bay Rail Line, Inc. adopts the 2023/2024 fiscal year budget as approved by the Budget Committee in the amount of \$8,932,976 at Coos Bay Rail Line, Inc.

BE IT RESOLVED that the amounts for the fiscal year beginning July 1, 2023 and for the purposes shown below are hereby appropriated as follows:

<u>CBRL FUND</u>			
Administration	\$	3,098,141	
Maintenance of Way		1,260,459	
Transportation		3,292,861	
Mechanical		1,281,515	
TOTAL CBRL FUND			\$ 8,932,976
TOTAL APPROPRIATIONS ALL FUNDS			\$ 8,932,976
TOTAL APPROPRIATIONS			\$ 8,932,976
UNAPPROPRIATED ENDING BALANCE & RESERVED FOR FUTURE EXPENDITURE			\$ -
Total budget			<u>\$ 8,932,976</u>

APPROVED and ADOPTED by the Board of Directors of Coos Bay Rail Line, Inc. this 20th day of June, 2023

John Burns, President

Eric Farm, Chair

Action Items

**COOS BAY RAIL LINE, INC.
BOARD OF DIRECTORS
ACTION/DECISION REQUEST**

DATE: June 14, 2023

PROJECT TITLE: Appointment of Directors and Election of Officers of Coos Bay Rail Line, Inc.

ACTION REQUESTED: Appoint Directors and elect Officers of Coos Bay Rail Line, Inc.

BACKGROUND:

Per the Coos Bay Rail Line, Inc. bylaws, an annual meeting of the Board of Directors shall be held for the purpose of electing Directors and Officers.

Directors:

Directors are appointed by the Member (the Oregon International Port of Coos Bay). Directors must be individuals that are employees or Commissioners of the Member.

With the recent resignation of David Kronsteiner, staff recommends reappointing Eric Farm and John Burns, and appointing Brianna Hanson to the Board of Directors.

Each Director is appointed for a three-year term. Directors hold their term of office for three years or until a successor is named, whichever is later.

Officers:

Staff recommends electing the following Directors to serve as the following Officers of Coos Bay Rail Line, Inc.:

Chair:	Eric Farm
President:	John Burns
Treasurer / Secretary:	Brianna Hanson

Officers hold their term of office until the second annual meeting after his election or until a successor is named, whichever is later.

RECOMMENDED MOTION:

Approve to reappoint Eric Farm and John Burns and to appoint Brianna Hanson to the Coos Bay Rail Line, Inc. Board of Directors, and elect the Directors as the following Officers: Eric Farm, Chair; John Burns, President; and Brianna Hanson, Treasurer / Secretary.

**COOS BAY RAIL LINE, INC.
BOARD OF DIRECTORS
ACTION/DECISION REQUEST**

DATE: June 14, 2023

PROJECT TITLE: 2023Res02: Update Signature Authority on Umpqua Bank Accounts

ACTION REQUESTED: Approve Resolution 2023Res02 updating signature authority for the banking accounts at Umpqua Bank, Coos Bay Branch.

BACKGROUND:

For internal control, all Coos Bay Rail Line, Inc. bank accounts must be authorized and approved by the Board of Directors. With the resignation of David Kronsteiner, CBRL staff wishes to remove David Kronsteiner as signer on the following Umpqua Bank account, to be effective June 20, 2023:

CBRL General Account #6912

The following individuals will be authorized signatories on these Umpqua Bank accounts:

John Burns	President
Eric Farm	Chair
Lanelle Comstock	Chief Administrative Officer
Megan Richardson	Director of Finance & Accounting

A resolution is required for signature authorization for the bank accounts.

RECOMMENDED MOTION:

Approve Resolution 2023Res02 updating signature authority for the Coos Bay Rail Line, Inc. banking account at Umpqua Bank, Coos Bay Branch.

RESOLUTION 2023Res02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
COOS BAY RAIL LINE, INC.**

**RESOLUTION CHANGING THE SIGNATURE AUTHORIZATION FOR THE
BANK ACCOUNTS AT UMPQUA BANK**

WHEREAS Coos Bay Rail Line, Inc. (CBRL) has designated Umpqua Bank as a bank and depository for funds of CBRL, which may be withdrawn on checks, drafts, receipts or advices of debt given or signed in CBRL's name; and

WHEREAS CBRL wishes to update the names of the individuals authorized to initiate changes to the bank accounts listed below, effective June 20, 2023:

CBRL General Account #6912

The following individuals will be authorized signatories on these Umpqua Bank accounts:

John Burns	President
Eric Farm	Chair
Lanelle Comstock	Chief Administrative Officer
Megan Richardson	Director of Finance & Accounting

And that said Bank shall be and is authorized to honor and pay the same whether or not they are payable to bearer or to the individual order of any person or persons signing the same.

APPROVED and ADOPTED by the Board of Directors of Coos Bay Rail Line, Inc. this 20th day of June 2023.

John Burns, President

Eric Farm, Chair