

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon

SPECIAL COMMISSION MEETING
Tuesday, April 7, 2009
8a.m. before the second day of Commission Retreat
Port's RV Park Recreation Room
63402 Kingfisher Rd., Charleston OR 97420

ATTENDANCE:

Commission: David Kronsteiner, President; Caddy McKeown, Vice President; Commissioner Jerry Hampel; Dan Smith and Brady Scott were absent.

Staff: Jeffrey Bishop, Executive Director; Mike Gaul, Deputy Executive Director; Martin Callery, Director of Communications and Freight Mobility; Donna Nichols, Director of Finance and Administration; Aaron Simons, Marina Facilities Manager; Andrea Wall, Executive Assistant.

Media and Guests: Gordon Young, Channel 14; Steve Pickering

CALL TO ORDER: The President called the meeting to order at 8:20 a.m. The President turned the meeting over to Mr. Bishop for an action item and a report. Mr. Bishop deferred to Mr. Callery.

Mr. Callery said that at the March 19th Commission Meeting, the Board approved a contract with HDR Engineering Services for the basic scope of work in what the Port would be pursuing in the rehabilitation of the Coos Bay Rail Link. The contract would be a task order system. HDR has submitted two task order items.

- Task Order #1 - Develop overall work plan for the rehabilitation of the line with the primary goal to be restoration of rail service as quickly as possible. It will include concept estimates of probable costs and will require about four days of track and structure assessments and two days on tunnels. The cost is \$30,000 for this task order. It will be the guideline that leads us through the rest of the rehabilitation of the line and hopefully improvements to the infrastructure.
- Task #2 is inspection and preparations of design and contract documents for the repair to tunnels 13, 15 and 18. Those were the three tunnels that were sighted by FRA as no longer meeting the FRA safety standards for rail operations. This task order is required for us to immediately expedite the use of the \$2.5 million we received through some Federal Stimulus funding from the OTC. Task Order #2 is \$140,000.

Dan Lovelady and Martin have been working on coming up with some kind of a scope for clearing the land. There are some small land slides and quite a few downed trees - nothing critical. Mr. Lovelady has been talking with some companies he is familiar with to see what it would take to make sure the line is clear. Mr. Lovelady had the expertise to manage this; rather than have HDR do it, Mr. is working on it and it will cost about \$20,000. Mr. Lovelady has a couple of quote and Mr. Callery said that they would make sure to follow the Port's bidding quote process.

Because the Port does not really have a cash flow in the rail reserve fund and there is no grant funds associated with the initial projects, we are requesting an inner fund loan from the Property Reserve Fund to the rail reserve fund, not to exceed \$200,000 for this initial work. Once the rail fund generating income, the Property Reserve Fund will be reimbursed.

Discussion: Commissioner Hampel asked if when we received the railroad funds, would the money go directly back to the Property Reserve Fund? Ms. Nichols said that once the railroad started generating revenue the money would go back. She said that it would probably not happen for two years.

Commissioner Hampel said “so this money would be lent from the Property Reserve Fund for two years and there are no guarantees that it will ever get back.” Mr. Bishop said that in the worst case scenario, no, it might not. There is the possibility that if the railroad never makes any money, we could be stranded on this. Mr. Bishop continued and said the problem is that if we don’t do it this way, we will have missed the opportunity to get the \$2.5 million of stimulus money to get the tunnels repaired. We could go out on the market and get it, but we will pay debt service in some fashion.

Commissioner Hampel said that he thinks we should use caution as far as using the property fund. He said that he would not vote for another one to support the railroad. He will vote yes for this one time as he thinks it is in the best interest to get the railroad going, but he doesn’t like it and won’t vote for another.

Commissioner McKeown asked the balance of the Property Reserve Fund. Ms. Nichols said it was about \$1.3 million. Then Mr. Bishop was asked for more explanation on the stimulus money.

He said that you could not use the stimulus money for engineering and you have to have it under contract by June. Mr. Bishop also said that staff is working on some other funding sources that could provide us funds to make up this difference. Mr. Bishop said to Commission Hampel that he wants him to know that staff understands and appreciates his position and we have been working hard to make sure this didn’t happen. Ms. Nichols added that as Mr. Bishop said we are working on other funding sources but you cannot spend the money until you receive notice that you have received it and we need to spend this money before the award will be given.

Commissioner McKeown said that she also had concerns, but felt this was necessary so we didn’t lose the money to start rehabilitating the line as soon as possible.

Mr. Callery said that there are other agencies who have received stimulus money who have not had the restrictions to use it for engineering. It was primarily ODOT and the OTC who in their allocation of the funding who said that they wanted it to go for actual construction and not engineering. However funding sources we are looking at doesn’t have those restrictions. In fact if we are successful, and can use it for engineering, that could help us with other components in the restoration of the rail line. Mr. Callery is guessing 90-120 days for the other funding.

President Kronsteiner asked Mr. Callery about the cost of the designing of the tunnels. He said it was \$140,000 and that included a look at the other tunnels also. There was another tunnel that was on the edge in the FRA determining if it was safe or not, so we want to make sure we can do as much as we can for the Federal Stimulus funds so we may be overspending a bit on engineering here but we will make up for it.

Commissioner Hampel asked if the \$140,000 would include looking at raising the height of the tunnels. Mr. Callery said it would give us a cost number because the problem is not the interior of the tunnel it is the portal as each end of the tunnel. Mr. Callery said that the minimum clearance you want is 22’ over top of rail; that would give you clearance on every type of car out there. The tunnels right now probably have 18’ clearance on the corners; however, the middle is probably 22’.

Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners approved Task Order #1 and Task Order #2 with HDR Engineering; approved clearing maintenance on the rail line; and approved inner fund loan from the Property Reserve Fund to the Rail Fund, in an amount not to exceed \$200,000.

COMMISSION COMMENTS:

NEXT MEETING DATE: April 16, 2009

ADJOURN: The Special Meeting was adjourned at 9 a.m.

By: _____
David Kronsteiner, President

By: _____
Dan Smith, Secretary