

COOS BAY RAIL LINE, INC.
Coos Bay, Oregon
BUDGET COMMITTEE MEETING
Wednesday, May 21, 2025, 3:30 p.m. – 4:00 p.m.
Port Commission Chambers, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

MINUTES

ATTENDANCE

Board of Directors:

Lanelle Comstock, President; Kyle ViksneHill, Chair; and Kyle Stevens, Treasurer/Secretary.

Budget Committee:

Lexie Woodward; Dax Davidson; and Shane McGowne.

Port and CBRL Staff:

Megan Richardson, Director of Finance and Accounting; Matt Friesen, Director of External Affairs; Ray Dwire, Charleston Marina Manager; Brian Early, CBRL General Manager; Rick Adamek, Director of Asset Management; Mary Green, Accounting Supervisor; Krystal Karcher, Administrative Services Manager; and Christina Sanders, Administrative Assistant.

Media & Guests:

Nick Edwards, Port Commissioner; and Carson Valley, Points Consulting.

1. CALL MEETING TO ORDER

President Lanelle Comstock called the meeting to order at 3:31 p.m.

2. INTRODUCTIONS

3. SELECTION OF BUDGET COMMITTEE CHAIR

Upon a motion by Director Comstock (second by Dax Davidson) the Budget Committee members voted to appoint Kyle Stevens as Budget Committee Chair. **Motion Passed Unanimously.** (Ayes: Comstock, ViksneHill, Stevens, Woodward, Davidson, and McGowne. Nays: None.)

4. RECEIVE FY 2025/26 BUDGET MESSAGE BY MEGAN RICHARDSON, BUDGET OFFICER

Megan Richardson presented the fiscal year 2025/26 budget for Coos Bay Rail Line, Inc. (CBRL), a nonprofit subsidiary of the Oregon International Port of Coos Bay, dedicated to providing safe, efficient, and cost-effective rail access to the national rail network and global markets. The budget, structured as a single fund with four departments: Administration, Maintenance of Way, Transportation, and Mechanical; projects a balanced total of \$4,414,213 in revenues and expenses. Ms. Richardson highlighted the budget's focus on aligning expenditures with accurate revenue projections to sustain CBRL's rail service mission. Key changes include a reduction in staffing from 23 to 18 full-time equivalents (FTEs) through a reduction in force, eliminating four positions during

the current budget year and eliminating one additional position from the upcoming budget year. To address rising healthcare costs, staff is proposing a 10% employee cost share for medical and dental premiums, with CBRL covering 90%, reflecting a 10% medical and 6% dental premium increase. A 3% salary increase, mandated by union agreement, was also included. Revenue sources include \$2.9 million from 4,902 car movements, \$7,000 from scrap steel recycling, and income from car repairs charged to owners. A new demurrage fee program, estimating \$250,000 in revenue, will charge shippers for car storage to offset the \$250,000 car hire expense and help with a historical \$1.6 million loss in car hire fees, aligning CBRL with standard railroad practices.

5. REVIEW THE PROPOSED BUDGET DOCUMENT BY BRIAN EARLY, GENERAL MANAGER

Ms. Richardson, with input from Brian Early, reviewed the proposed fiscal year 2025-2026 budget by department, detailing operational and financial adjustments to enhance efficiency and fiscal responsibility.

A. Administration

The Administration department budget totals \$1,077,262, with \$319,052 allocated for three FTEs, which is down one FTE from the prior year, and \$758,210 for materials and services. Shane McGowne asked about the \$61,800 budgeted for miscellaneous banking fees (line 43, Administration). Ms. Richardson clarified that this includes a \$60,000 Federal Railroad Administration (FRA) fine, with the remainder covering standard banking fees to Umpqua Bank, noting that the fine was a one-time expense CBRL anticipates paying in the next fiscal year.

A significant change is the elimination of the \$1.3 million Port Administration fee from the prior year's budget; CBRL will not budget to pay that this fiscal year. Ms. Richardson noted that these adjustments reflect efforts to align expenses with actual needs and revenue constraints.

B. Maintenance of Way

The Maintenance of Way department budgets \$806,699, with \$576,448 for six FTEs, which is unchanged from the prior year, and \$230,251 for materials and services, including small tools, signage, clothing allowances, bridge and switch lubricants, marking paint, and welding fuel. Fuel and repair budgets were adjusted to reflect actual prior-year spending, addressing overestimations. Ms. Richardson emphasized that increased personnel expenses stem from anticipated overtime and higher health insurance costs, maintaining operational capacity for track maintenance.

C. Transportation

The Transportation department totals \$1,598,531, with \$655,181 for six FTEs, which is down four FTEs due to the reduction in force, and \$943,350 for materials and services. A key adjustment is the fuel budget, reduced from over \$1 million to \$666,000, reflecting lower car load projections, the elimination of the night shift, and the use of more efficient leased locomotives.

D. Mechanical

The Mechanical department budgets \$931,722, with \$279,772 for three FTEs, which is unchanged, and \$651,950 for materials and services, including locomotive repairs by Columbia Rail and car repair

supplies. Ms. Richardson noted that car repairs generate revenue through mandatory inspections on interchange cars and charges to car owners, with potential for increased private car repairs.

Director Stevens asked how many cars and Ms. Richardson answered it is based on 4,902 cars, not including the captive cars and not all of them will need repairs. Director Stevens also asked if CBRL is turning any car repairs away. Mr. Early stated that CBRL is taking every repair possible and looking more closely at the private cars. CBRL has not budgeted for the 2025/26 FY as receiving revenue for the repairs to private cars. Director Stevens asked if other rail lines charge for repairs. Mr. Early stated that the larger companies do not want to do repairs anymore and there is a market for CBRL that can be lucrative.

Director Stevens asked for clarification about the engines being more efficient than others, and how that was calculated. Mr. Early stated it was gauged via fuel burn rate in gallons per hour of fuel usage.

Dax Davidson asked what happened to the old engines. Mr. Early stated they were sold at surplus, two in 2023 and four in 2024, leaving one legacy engine in the fleet. Mr. Davidson asked what the leasing terms are for a locomotive. Mr. Early stated that of the six that are leased, the older two are \$100 per day each due to longer lease agreements, and the newer locomotives are \$130 per day each.

Mr. Early stated that CBRL no longer employs a locomotive mechanic in-house, resulting in CBRL using contract labor from Columbia Rail, once a month, to do the repairs and federally mandated inspections. Mr. Early stated he performs the remainder of the repairs although he is not a locomotive mechanic. Mr. Davidson asked if that is working for CBRL. Mr. Early replied that it is working for now.

Ms. Richardson stated that locomotive repair costs have gone down due to not having to order as many parts for the older locomotives, as the newer locomotives do not break down as often, and ordering the correct parts needed.

6. COMMITTEE COMMENT

Director ViksneHill asked if the tenant that is potentially interested in the Terminal One property might be a rail customer. Director Comstock stated it is possible they might use the rail. If they did use the rail, they would be doing 3-5 car loads per day.

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

Upon a motion by Director Comstock (second by Director ViksneHill), the Budget Committee voted to approve the budget for fiscal year 2025/26 and recommend to the CBRL Board of Directors for adoption. **Motion Passed Unanimously.** (Ayes: Comstock, ViksneHill, Stevens, Woodward, Davidson, and McGowne. Nays: None.)

8. ADJOURN MEETING

Chair Kyle Stevens adjourned the meeting at 3:57 p.m.