

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

MINUTES

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.