

COOS BAY RAIL LINE, INC.
Coos Bay, Oregon
BUDGET COMMITTEE MEETING
11:00 a.m., Thursday, May 27, 2021
Zoom Meeting

MINUTES

ATTENDANCE

Board of Directors:

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

Budget Committee:

Richard Dybevik; Elise Hamner; and Maeora Mosieur;

Port Staff:

Lanelle Comstock, Chief Administrative Officer; Megan Richardson, Director of Finance and Accounting; Rich Lopez, General Manager; Mary Green, Fiscal Support Technician; Treece Rempelos, Rail Operations Support; and Krystal Moffett, Administrative Assistant.

Media & Guests:

None Present.

1. CALL MEETING TO ORDER

Chair Kronsteiner called the meeting to order at 11:02 a.m.

2. INTRODUCTIONS

3. SELECTION OF BUDGET COMMITTEE CHAIR

Upon a motion by Director Farm (second by Richard Dybevik) the Budget Committee members voted to appoint Eric Farm as Budget Committee Chair. **Motion Passed.**

4. RECEIVE FY 2020/21 BUDGET MESSAGE BY MEGAN RICHARDSON, DIRECTOR OF FINANCE & ACCOUNTING

Megan Richardson stated this is the third year presenting a proposed budget for CBRL. Staff have learned much in those years and have seen growth in the knowledge of operating a railroad and in customers. This FY 2021/22 budget has been put together by focusing on the six strategic goals outlined in the budget document. These include a focus on safe and reliable rail service, fiscal responsibility, maintenance, compliance with all Federal, State, and local agencies, training, and a continued commitment to customers. These strategic goals aim to further the Port's mission of economic development for the region.

5. REVIEW THE PROPOSED BUDGET

The CBRL Fund consists of four departments: Administration, Maintenance of Way, Transportation, and Mechanical. Maintenance of Way focuses on maintenance of the line to make sure the train cars and locomotives move along the line and get cars to customers and out to the national rail network. Transportation operates the trains, while Mechanical focuses on the maintenance of the locomotives and fleet vehicles.

This year's budget includes 8,200 carloads. Freight revenue is estimated at \$4.2 million, railcar repair revenue at about \$605,000, and assessorial (demurrage) at \$40,000. Railcar repair revenue consists of replacing cables, corners, and welding on the train cars to stay in compliance with FRA regulations. Total resources budgeted are \$4.8 million. Expenses are budgeted at \$4.8 million, which covers personnel, materials and services, and any transfer of excess revenue to the Port. All capital expenditures are budgeted within the Port budget, as the infrastructure is owned by the Port.

Rich Lopez stated the Coos Bay rail line is 134 miles from Eugene to Coquille, including 121 bridges, both steel and wooden structures, and nine tunnels. The main commodities on the line are wood products and aggregate. The primary goal and objective is to always provide a safe, reliable, and cost-effective transportation option for the Oregon southwest coast with a connection into the National Railway Network.

The economic impact sustains the economic growth and development of rural Lane, Douglas, and Coos Counties. There are currently 19 full time employees of the Coos Bay Rail Line, Inc. and 983 employees directly supported by the rail line. The shippers served by this line have an annual economic activity of \$460 million. The Coos Bay rail line provides the fundamental link for the Port's economic development mission by providing local and regional businesses with safe, direct, efficient, and cost-effective access to the national rail network and the global market. The primary emphasis is to provide safe and reliable service, deliver operations on plan and on budget, and enhance rail customer relations and retain and expand operations.

The Administration department has 2.0 FTE, a General Manager and Trainmaster. Maintenance of Way currently has 4.0 FTE, growing to 6.0 FTE in the next fiscal year. This includes two track inspectors, two additional track laborers, a signal maintainer/assistant trainmaster, and a bridge tender. The transportation department has 10.0 FTEs, the engineer/conductors who run the trains. The Mechanical department has 3.0 FTEs, one mechanic who services the locomotives and keeps the fleet moving, and two carmen who tend to the cars and make sure that all cars online are operating within FRA compliance.

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

Ms. Richardson thanked staff and budget committee members for hearing the operating plan for this upcoming fiscal year and asked if there were any questions or further discussion.

7. PUBLIC COMMENT

8. COMMITTEE COMMENT

Elise Hamner asked about the beginning fund balance and whether the goal each year is to move carryover funds to the Port. Ms. Richardson confirmed.

Ms. Hamner asked where the increase in carloads is coming from. Mr. Lopez stated the growth has already started. Weyerhaeuser has been bringing in export logs, as well as fire logs. Southport will look to continue log service into their facility. They have extended their track to accommodate an additional 8 log cars. Weyerhaeuser is working with Greenhill Reload to move chip cars to the North Spit RFP area. RFP has brought back and increased their chip movements from Northern California back to the North Bend area. There are other potential customers as well that are communicating with staff about additional commodities.

Ms. Hamner asked about accounting for new equipment or vehicles. Mr. Lopez stated that all vehicles are within the Port's operating budget as the Port owns the rolling stock.

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 Maeora Mosieur (second by Elise Hamner), the Budget Committee voted to recommend the budget to the CBRL Board of Directors for adoption. **Motion Passed.**

10. ADJOURN MEETING

Chair Kronsteiner adjourned the meeting at 11:17 a.m.