



PORT OF TILLAMOOK BAY

SPECIAL MEETING MINUTES

November 11, 2008

APPROVED 1/20/09

Date: Tuesday, November 11, 2008 at 10:00 am, Veteran's Day

1. The Special Meeting was called to order by Board President Jerry Dove
2. Recognition of Persons Present
 - a. Board Members: Jerry Dove – President, Arthur Riedel – Vice President, Ken Bell – Secretary, Joe Meyer – Treasurer, John Ficher – Commissioner
 - b. Staff: Michele Bradley– General Manager, Jerry Everhart, Richard Jones
 - c. Guests: Amber Nobe – Headlight Herald, Jack Crider – former General Manager and Port Director of the Port of Astoria, Vicki Goodman – VLG Consulting
3. Public Comment – None
4. Railroad Discussion
 - a. Commissioner Meyer inquired as to the economic benefits of continuing to operate the railroad.
 - b. Commissioner Dove inquired what the legal obligation that the railroad has outstanding – fiber optic corridor contract, removal of ties/track, make into a trail. And what can we use alternate project money for if the railroad is not reconstructed?

- c. Jack Crider answered, as he has had history with the POTB railroad for the last 15 years, plus was manager when the flooding in 1996 occurred. Mr. Crider stated that one thing to keep in mind is the allocation and car supply. Only certain size cars can come on the POTB line. The Class I railroads issue credits to shippers to encourage them to reload on the main line, which needs to be subtracted from the rate to keep the POTB competitive. With a subsidized reload, the shippers do not need this shortline.
- d. Commissioner Meyer asked about the legal obligation if the line were to cease operation, would it default to ownership of the State? And would the liability be on the POTB or the State? Who would have the vested title?
- e. Commissioner Bell stated that he would like to see the canyon cleaned up and wondered if the environmental groups would help pay for the clean up?
- f. Mr. Crider stated that the State has a controlling interest due to the make up of the OTRA board. Commissioner Meyer requested to see a copy of the OTRA agreement. Michele Bradley will email a copy to him.
- g. Commissioner Dove discussed what ODOT had come up with – if we invest, if we make the line safer with upgrading bridges and tunnels, when will it wash out again?
- h. Vicki Goodman noted that the current embargo can be extended. The main objective with FEMA is to find a way to rebuild the railroad. FEMA funds are available four years from the event, if extensions are made. The POTB needs to show that it is sustainable by charging more per car and using funds to keep up with maintenance. Additionally the alternate funds, if granted, could be used to generate projects on the industrial park that could bring in revenue.
- i. Jerry Everhart spoke to bringing in an engineer training program. The POTB has switching yards, passenger service, and rugged terrain. Also, with the upgrades to locomotives they could be more efficient.
- j. Commissioner Bell asked Jack Crider for his recommendation on what direction to go with the railroad reconstruction. Crider responded that it needs to be closed down; the Port and Railroad has suffered long enough. The industrial park is a gem waiting to be discovered and the alternate funding money should be used to develop the park. There would be partners out there that could match the 25% of the alternate money, which reduces a lot of risk. The State may also be able to help in the match with the industrial park. Also, it took years for the mills to regain confidence in the rail, and that has been demolished again.
- k. Commissioner Meyer asked Jack Crider if the railroad has hindered the Port and the answer was yes.
- l. Commissioner Ficher asked Jack Crider if the railroad had ever made a profit. Crider responded that technically, yes, it had, but revenues could have been varied by grants received and fiscal year cut off.

- m. Jack Crider noted that the Port of Astoria had been talking with legal counsel that is familiar with STB law. He will provide the contact information to Michele Bradley.
- n. **Commissioner Riedel stated for the record that he would like to move forward with railroad reconstruction and exhaust all avenues of funding before declaring the railroad dead and recommended that the board do that as well.**

A motion was made by Commissioner Bell to direct the General Manger to proceed with researching information regarding the railroad. The motion was seconded by Commissioner Riedel. Voted yes: Dove, Riedel, Bell, Meyer and Ficher. Motion passed.

- 5. The meeting was adjourned at 11:30 am.

*Respectfully submitted by
Michele Bradley, General Manager
12/21/08*