

**Travel Information Council
Finance Committees
Tillamook, OR & Telephonic Meeting
Thursday, January 22, 2015**

Members Participating:

Mike Drennan, Member-at-Large
Dave Lohman (Telephonic)

Gwenn Baldwin
Ryan Snyder

OTE Staff Participating:

Troy Costales, Interim CEO
Jenn Smith, Executive Assistant

Tim Pickett, COO

Guests:

Craig Campbell

The meeting was called to order at 8:02 am.

- A) **Roll Call:** Drennan, Baldwin and Lohman were present.
- B) **Approval of November 14 & December 4, 2014 minutes:** Baldwin made a motion that the minutes be approved. Lohman 2nd; motion passed unanimously.
- C) **November Monthly Financial Review:** Pickett reviewed the report noting that there was a cash increase and it showed positive earnings. He noted that the repair and maintenance is above budget due to the change by the State Controller in regard to the limit for depreciation.

Baldwin asked if the repairs at Deadman Pass should wait if we are possibly going to be returning the rest area to ODOT. Pickett agreed that could be discussed.

Drennan asked when the PERS lawsuit would be settled. It is guesstimated in the next couple months. However, Pickett said staff would continue to go with the rates that were planned for, rather than reducing the amount.

Baldwin inquired about the Integrated Marketing revenues being below budget. Pickett responded that expenses are below budget as will and staff has been backfilling through the Sign program.

The December report should be out by the end of next week.

- D) **2015-17 Budget:** Pickett reported that the initial budget numbers have been uploaded from the individual units and the preliminary staff work is complete pending direction from the committee. He told the committee that he is working on alternative budgets based on funding.

Drennan asked if there had been any further discussions with ODOT regarding funding. Costales confirmed that ODOT Director Matt Garrett not only wants to make the program whole, he would like continue the conversation of having all rest areas managed by OTE.

Campbell told the committee that the transportation package has been started, but there is not much detail to it yet. Within that package he was hoping that rest area funding would be addressed. He also commented that if the it appeared that ODOT wanted OTE to take on more rest areas, that discussion should happen sooner than later so the funding piece could hopefully all be addressed at the same time.

Baldwin suggested that staff make a budget that assumes that OTE will give back the rest areas that we began managing March of 2014 if the funding is not extended.

Lohman reported that there had been limited budget conversations at the Transportation Commission and no details. He agrees with Baldwin about returning the rest areas if funding is not available and the current level.

Drennan requested staff do a budget with the 5 rest areas returned and the lower funding levels.

Pickett said he would route that information through Drennan.

Baldwin suggested that a footnote to the budget be added noting that the next budget prepared may need to be adjusted to compensate for the 15% of lost rest area funds that are used in administration.

Pickett said the capital expenditures are assuming zero until staff can determine what might be needed.

Baldwin referred to the assumptions for the 2015-17 budget:

- Programs will remain stable through the biennium with no growth (i.e. added rest areas).
- The budget will be based on funds as they are presently committed, for the rest area program this means calendar year 2015 funding of 6.55 million dollars and calendar year 2016 funding of 4.96 million dollars.
- The budget is zero based, meaning that all revenues and expenses will be constructed based on operating requirements as they are expected to develop through the biennium.
- Inflation is expected to be 0%.
- Personnel planning parameters
 - o The workforce is expected to remain stable with only one open unfilled position.
 - o The COLA (cost of living adjustment) is 2% per calendar year (effective January 1st each year).
 - o The Merit Pool is planned at 3% and will be effective, when earned, from July 1st each year.
 - o PERS will be budgeted at the level of the previous biennium. This is a conservative position addressing the potential of the lawsuit in process now.
- The agency will take a conservative approach to new planned capital expenditures.
- The agency will continue to develop performance measures, of which budget adherence is one, in order to demonstrate performance in a practical and understandable way.

Baldwin suggested the first bullet should read: Program *areas* will remain stable through the biennium with no growth *and identify the potential of releasing rest areas if funding (\$1.55) goes away*. The second bullet should read: The budget will be based on funds as they are presently committed, for the rest area program this means calendar year 2015 funding of 6.55 million dollars and calendar year 2016 funding of 4.96 million dollars *this assumes reduction of rest areas obtained in 2013 unless new negotiations with ODOT result in additional funding or the Legislature determines otherwise*.

All agreed.

E) **Other Business:** There was not any.

Adjournment: Meeting was adjourned at 8:53 am.