



Oregon Travel Information Council

1500 Liberty Street SE, Suite 150

Salem, Oregon 97302

MINUTES

Finance Committee

Wednesday, June 28, 2017

Members Participating: Mike Marsh; Mike Drennan

Excused: Gwenn Baldwin, Bob Russell

OTE Staff Participating: Nancy DeSouza, Executive Director; Tim Pickett, Operations Director; Diane Welter, Accounting Manager

The meeting was called to order by Marsh at 2:37 p.m., at the OTE offices in Salem.

Roll Call: Committee members Marsh and Drennan were present by phone. Staff was present in the office.

Business:

May Financials: Welter reported Operations are stable and that we are in a good cash position. Anticipating increased user counts in the rest areas and increase in related operating costs. Departments are within budget overall and Retention is \$284,738 YTD above plan. Marsh clarified that Deadman Pass amended estimated costs were addressed in the write-up, and we expect final numbers on the total cost shortly. Pickett is expecting information on costs to bore sub-surface to the tank. Marsh would like that information prior to the next meeting.

Drennan noted that the financial report stated that our debt-to-equity ratio is 1.31:1 and believes the debt should be divided by the equity. Welter calculated that by this method, it should be corrected to 0.77:1. Pickett discussed equity coverage ratio is calculated by the earlier method of calculation. It has been mislabeled in the past. Marsh asked which is the best to use to communicate our accurate picture. Pickett said it varies by audience. TIC has the authority to borrow money, so long as the biennial budget shows sufficient liquidity to service the loan. However, that loan would not originate from the public system, because we are prohibited from reaching into Treasury Funds. Financing could come from a private source or another semi-independent state agency. Pickett agreed that reporting the reciprocals would be best. DeSouza recommended documenting both for a period of time to avoid confusion. Pickett said that TIC does not have authority to bond, but can borrow money, such as for trucks. However, current funding levels make that question moot. DeSouza said that any TIC improvements to rest area assets remain part of the asset structure of ODOT as the owners of those properties. Pickett added that ODOT Facilities retains final approval authority over improvements to all of their rest areas. Core statutes from HB 2009 and SB 1590 lay out TIC authority granted by the Legislature. Drennan asked how major improvements such as a rebuild at Oak Grove would

appear on our balance sheets and be depreciated. Pickett said yes, we would carry it as a lease-hold improvement. If rest areas are returned to ODOT, all existing and added improvements also are returned.

Personnel costs are up in rest areas but overall agency is below budget. More discussion will continue on Janitorial Costs as staff review the model across all rest areas. Marsh said he wants the agency to look into vehicle costs and alternatives across the agency, as costs for DAS Motor Pool and Risk Management are increasing. Repair and Maintenance costs vary, and Pickett reports that ADA repairs contribute to higher costs. Marsh and Drennan like the addition of the charts from Welter, and asked for more distinction among the line colors if possible.

Financial Statement Analysis: Drennan asked about the Center Logic issue, and DeSouza reported that Pickett negotiated a \$15,000 cash settlement to compensate the agency for its losses. Drennan noted DOJ costs were up, and DeSouza reported that it is due to contracts legal sufficiency review and investigation of the cannabis signage issues. Pickett commended Heather Swanson on her excellent contracting work, and that her investments in creating templates will help hold down future review costs. ORS 279 contains provisions for public works contracts that the agency must follow in some cases as public improvements. Drennan asked about Sign Program Coral Construction contracts, and Pickett reported that when the current agreement ends, it likely will be converted to an approved State of Oregon price agreement instead of a general services contract, as DOJ suggests that it would be best as a price list. Marsh noted the unusual level of current contracting, and DeSouza noted that if the agency receives funds in the Transportation Package, the number would grow. Short of that, the number of active contracts would drop.

Statement of Revenue: Drennan noted Travel and Communications has been held down, and the agency has been fiscally conscientious across the year. His concern is that the gain is in the non-rest areas, and that it is critical to recognize that inflation will make \$6.55 million untenable in future biennia as more goes towards operational costs.

Past Due Accounts: Marsh noted a slight increase in late payers, and the proposal for a late fee. DeSouza discussed the process by which TIC can adopt such a fee to encourage prompt payment and avoid workload burdens on staff in 2018.

Capital Projects: Discussion of current projects, with no significant updates at this time. Drennan asked about Gettings Creek costs of the pathways, and why the overspending amount was not adjusted to reflect the higher costs. Pickett said that would not be adjusted until the project was completed and closed. Drennan asked about Government Camp, and DeSouza said we will meet soon with the US Forest Service to explain our issues with the permit and status of the parking lot. The Governor's Office is being kept apprised of the issue and potential need for intervention by state and federal leadership.

Legislative Topics: DeSouza reported that the Transportation Package Dash-10 amendments are expected soon. The last draft showed the transfers of new rest areas without attached dollars for operations, but the capital funds were included. The anti-human trafficking bill is near final passage, and will trigger ODOT and OPRD to accept funds and write administrative rules. She commended Pickett, who caught a flaw in current statute regarding the Commission for the Blind vending program, and we were able to move an amendment to allow TIC to legally collect the costs of utilities for rest area vending, which must be repaid to highway funds.

Other Business: Pickett reported on status of Manzanita sewer upgrade and repairs. DeSouza reported on statewide and agency planning for the eclipse and the impact on rest areas. She warned that there will be significant overtime costs, and increased expenses for supplies, pumping, etc. Emphasis will be

on keeping the rest areas safe, travel lanes open, and being prepared and flexible in responding to unforeseen circumstances and emergencies. DeSouza briefly updated on the status of strategic planning, agency identity, and the Grove of the States rededication on August 28.

Approval of the Minutes: A quorum was not present; minutes will be resubmitted with corrections at the July Finance Committee meeting.

Adjournment: The meeting adjourned at 3:43 p.m.

Next Meeting: Thursday, July 26, 2017 at 2:30 p.m., telephonic at the OTE Offices, 1500 Liberty St. S.E. Suite 150, Salem, OR 97302.
