



Oregon Travel Information Council

1500 Liberty Street SE, Suite 150
Salem, Oregon 97302

MINUTES

Finance Committee

Wednesday, August 30, 2017

Members Participating: Mike Marsh; Ed Washington; Mike Drennan (non-voting)

Excused: Bob Russell

OTE Staff Participating: Tim Pickett, Operations Director; Diane Welter, Accounting Manager; Tanner Cheyne, Accounting Clerk

The meeting was called to order by Marsh at 2:03 p.m., at the OTE offices in Salem.

Roll Call: Committee members Marsh, Drennan, and Russell were present by phone. Staff was present in the office. (Note: Committee membership changed this month: Ed Washington replaced Gwenn Baldwin).

Business: June 2017 Finance Committee minutes were approved as submitted. July 2017 Finance Committee minutes were approved with correction of the spelling of “Triple Nickles,” and correcting reference to NTA to AASHTO.

July Financials: Welter noted July financials were close to budget, specifically \$9,665 above plan to begin the fiscal year. She attributed the difference to budgeted amounts being based upon previous period actuals. For example, health and dental insurance costs were higher than anticipated because employees who opted out of benefits in 2016 chose to use their benefits in 2017. She suggested adjustments to those areas during the budget revision process later this year. Drennan and Marsh asked about the status of the Victory Group’s contract and whether it would be continued in 2018; Pickett explained the current contract ends December 31, 2017, and that DeSouza will consult with Council on future contracted lobbying. Marsh believes that there likely won’t be the complexity in legislative affairs that can’t be addressed by OTE staff given that the transportation package has passed.

Financial Statement Analysis: Marsh noted the increase in data processing software expenditures. He recalled the expenditure would now be internal. Pickett explained the Sign Program currently contracts with an outside vendor for sign review and submission, but the aim is to bring this process in house. Field Operations Administrator Diane Cheyne will be trained on the new software after it is purchased. Recovery of costs will take approximately two and a half years. Marsh clarified the sporadic increase in prepaid holdings is due to yearly assessments that are paid once a year and expensed throughout the year.

Statement of Revenue: Drennan commented the legal fees were \$4,200 and asked if this was related to OTE's shift towards using standard contracts. He then asked if legal fees would be reduced as individual contracts would no longer be subject to Department of Justice review. Pickett explained there will always be a cost related to contracts and review, but that the level of cost would decrease significantly. He reiterated Drennan's point, that this is largely due to the State of Oregon's requirement to standardize contract language. The Department of Justice Business Services Division still requires legal sufficiency reviews for contracts that exceed \$150,000. Pickett remarked the review for both the Santiam and Boardman repaving projects were significantly less intensive under the new model.

Past Due Accounts: Marsh commented that one of the past due accounts on the report was now current and another has been placed on a payment plan. He offered kudos, and Pickett credited Sue VanHandel.

Capital Projects: Marsh asked when an exact cost estimate would be provided for the Deadman Pass Well Project. Pickett said a staff report will come to Council for approval at the September meeting. Marsh asked if the Triple Nickles Marker project was final at 105% of the expected cost, which Welter confirmed. Drennan asked about any new capital projects. Pickett confirmed there are three new capital projects. The main sewer pipe under I-84 at Charles Reynolds Rest Area is failing and an emergency repair has been approved with a current estimate of \$97,000. The Santiam Rest Area repaving contract has a notice to proceed. The Boardman Rest Area repaving project invitation to bid has also closed. He added both the repaving project estimates were less than originally anticipated. Drennan asked if there will be additional expenses related to The Grove of the States. Pickett explained there will be minor expenses related to the dedication, as well as additional trees to be delivered, as well as other components. It will be below the council approved threshold of \$100,000.

Marsh asked if there are any further Government Camp Rest Area meetings in regards to the parking lot. Pickett confirmed there have been brief reports from the United States Forest Service. Repairs are possible so that the lot may be plowable this winter and DeSouza has briefed the Governor's Office. If the lot is unable to be plowed and becomes impassable, the agency will be forced to close the rest area for short periods of time. Marsh asked if there would be resolution by this winter. Pickett believes it is possible. Drennan asked if there would be any expenses related to this project and Pickett explained that OTE is unable to use constitutionally restricted highway funds. Previously, other funds were used during an emergency situation, but the Department of Justice clarified this would not be allowed again as the property is not part of the state asset base. Drennan asked if Clackamas County and the lot's operator would pay for it. Pickett said that is under negotiation by the US Forest Service, but that Clackamas County has no responsibility. Key legislators have been notified of the issues.

Other Business: Marsh inquired about a timeline for the redrafted budget. Pickett explained that after strategizing, the acquisition of the rest areas should be pretty straight forward, especially since OTE has done this before. He expects staffing to begin in June 2018. He expects more discussions with the Executive Committee for the modified budget. Pickett said this budget would be effective July 1, 2018. Drennan pointed out that OTE receives \$3.3 million from ODOT in January. Pickett said the short-term budget will need to be amended, but that variations in staffing, expenses and the rest area model will require significant changes for fiscal year 2017-2018. Pickett said that clarity on strategic intent is necessary before assigning dollar amounts to budgeted expenses, and we are still working through the numbers for various policy decisions for presentation to the Council. Marsh agreed, adding guidance and support should be the first few steps before impacting the budget.

Marsh asked for an update on strategic planning and agency branding. Pickett said staff are doing the necessary foundational work and will work with the Executive Committee and Council to develop a schedule when Chair Russell returns from his extended vacation in mid-September.

Pickett updated on the eclipse's impact, reporting the rest area most heavily impacted was Santiam, with an estimated 4,000 cars on location at one time. Pickett praised the Office of emergency Management. Travelers were polite and cooperative. Oregon State Police was on site and highly collaborative. Marsh commented on the amount of attention the eclipse received and said while it may have deterred some visitors, the response was overall very positive. Washington asked for any reports on I-84 or Highway 97. Pickett believes that the Oregon Office of Emergency Management will produce an after-action report that may address major corridors and be used for future event planning.

Marsh proposed after the transition of the budget that the Finance Committee meet every other month. Marsh said he envisions the continuation of monthly reports and the availability of staff for individual questions, but meetings would not be required. Dates could remain on calendars to be used if necessary, and cancelled if not needed. Drennan and Washington would like to keep this discussion open and Marsh agreed to review in coming months.

Drennan asked about the Grove of the States' dedication. Washington reported it went very well, and that he was happy to have sponsored the Alabama tree. Marsh reiterated our appreciation of ODOT Director Garrett's presentation at the event. Washington also noted AG Rosenblum and the other speakers and notable attendees.

Adjournment: The meeting adjourned at 3:03 p.m.

Next Meeting: Wednesday, September 27, 2017 at 2:00 p.m., telephonic at the OTE Offices, 1500 Liberty St. S.E. Suite 150, Salem, OR 97302.
