

**Travel Information Council
Finance Committee
Telephonic Meeting
Wednesday, January 27, 2016**

Members Participating:

Mike Marsh; Gwenn Baldwin; Dave Lohman

Members Excused:

Mike Drennan

OTE Staff Participating:

Nancy DeSouza, Executive Director; Tim Pickett, Operations Director; Jessica Carbone, Office Assistant

The telephonic meeting was called to order by Marsh at 2:05 p.m.

Roll Call: Marsh, Lohman and Baldwin were present by phone. Staff were in the OTE office.

Minutes of December 23, 2015: Approved unanimously as submitted.

Introduction of Jessica Carbone, Office Assistant: DeSouza introduced new Office Assistant Jessica Carbone.

Review of December 2016 Financials: Pickett reviewed the December Financials. He explained that accounts are stable. There are few items of note. The financials now reflect the Council-approved budget. For the first time in the agency's history, accounts receivable has no account over 60 days past-due.

Some accounts on the income statement will continue be monitored. Janitorial accounts are off a bit, due to contract changes approved at the last meeting of the full Council. The changes will require some equipment costs, but are net favorable to the bottom line. Repairs and maintenance in Signs will be monitored due to difference of reclassification of assets. There is a positive variance in fuel due to low gas prices. The DAS motor pool as yet to enact the steep prices increases indicated earlier. We will have a positive variance in that category until that happens. Marsh asked if DAS had made any indication that there would be a change to the original plan. Pickett said no, and that he expected short notice when the plan is enacted. DeSouza stated she understood that part of that rebalance would be handled in the 2016 session and would be going through Ways & Means. General administrative accounts are balanced. Net retention or profit was above what was budgeted.

In reference to Drennan's request to discuss income statements of information centers, Pickett stated that in the first six months of the biennium net retention or profit was forecast at slightly under \$4,300; as of December 31, 2015, that profit was just under \$13,500.

DeSouza updated the committee on the status of recruitment of the Accounting Manager. The position closes February 3, 2016, at which point she will have the list of viable candidates.

Marsh asked Pickett to clarify the rest area cash highway funds listed at \$1.8 million in November vs. \$1.29 million in December. Pickett explained that in a normal year if were consuming at the pace of \$6.55 million we would end at Dec. 31 with \$750, 000 in the bank. The \$1,297,841 restricted funds balance in December is there

as the result of planned conservative spending and a very cautious approach over the last three years. The direct difference between \$1.8 million in November vs \$1.29 million in December is the normal flow of expenses due to running the rest areas. The number will greatly increase in January due to the annual \$6.55 million payment from ODOT. Lohman clarified that in a normal year where we didn't take a conservative approach, the ending number at December 31 could be close to \$0.

Marsh asked about the timeline to reconcile all remaining accounts; Pickett said the new accounting manager will work towards that goal. Two of the twelve accounts have been cleared so far, with the intent is to have those cleared by the end of this fiscal year.

Profit and Loss Report: Marsh asked about the difference in payroll tax from what was expected. Pickett said that in November and December we have a higher use of part-time employees in rest areas. Payroll Tax-Other is unemployment. That number is an estimate until we get each quarterly bill. In regards to benefits, PERS is the most predictable. There is no good way to predict PEBB benefit costs due to the large variety of health plans and charges. The budget was estimated using existing numbers. New staff and open enrollment every January changes that number.

Marsh commented that rest area costs are down now, but that it should be expected to flux. Pickett explained that the rest areas that had the best historical data did attempt to budget seasonally; others did not and that will add to the flux in cost-versus-budget. Water and sewer were up, but the variance does include some repair work at Memaloose with the failure of a major water line, Gettings Creek with a well failure, and French Prairie had an underground water leak. Marsh asked if any future major water and sewer expenses were known or predicted. Pickett said two are Deadman Pass draws water form Immigrant Park seven miles away and runs under 1-84. There have been past explorations for a well at Deadman Pass. That option is going to be re-explored to protect from a long-term failure. Oak Grove has serious capacity issues due to the current buildings being undersized for the demand. An engineering study is needed to understand what it would take to increase the capacity of that site and if the existing septic system will meet DEQ standards with that expansion. DeSouza commented that most water and sewer issues are not known about until they arise.

Beyond the sewer and water, the other future failure risk is parking. Not adding additional parking, but just maintaining current parking. The lack of truck parking is becoming a safety issue, especially on 1-5 at Santiam. Pickett described deferred lot maintenance in a number of rest areas. Government Camp is the most recent issue.

Cash Flow Report: Marsh asked about Sign Program variances and Pickett explained that a complex cash flow matrix was built for Other Funds based on history and is generally accurate over the year. Different times of the year do fluctuate. On a curve basis, cash inflow starts rising in the spring during "construction season" when signs are installed and drop off in the fall. It is at its lowest level in January and February.

Past Due Accounts Report: Marsh congratulated staff on great work resolving past due accounts. DeSouza commended Pickett and the accounting team for making the changes to accept credit card payments. Our customers are very excited and eager. We hope this access will cut down on late payments. Pickett stated that our semi-independent status and our separate federal identification number helped the process. Also, the US Bank in Portland has an effective government services team.

Aging Report: No concerns. Sue VanHandel is doing a great job on outreach to customers.

Adjournment: Meeting was adjourned at 2:46 p.m.

Next Meeting: Wednesday, February 24, 2016 at 2:00 p.m.