



Oregon Travel Information Council
1500 Liberty Street SE, Suite 150
Salem, Oregon 97302

MINUTES

Finance Committee

Wednesday, July 26, 2017

Members Participating: Mike Marsh; Bob Russell; Gwenn Baldwin; Mike Drennan

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

The meeting was called to order by Marsh at 2:33 p.m., by telephone at the OTE offices in Salem.

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

Business: May 24, 2017 Finance Committee minutes were approved as submitted and June minutes were approved with a spelling correction and correction of source information being AASHTO. Drennan asked for clarification regarding his ability to vote and make motions, which was deferred to CEO Nancy DeSouza by Marsh until the Finance Committee reconvenes on August 30, 2017.

June Financials: Welter prefaced her report by indicating June Financials are preliminary to ensure receipt of all Accounts Payable expenses. Final 2016-17 financials are forthcoming. June retention was \$132,802, which was \$93,000 greater than last month. Total expenses were \$80,000 less than anticipated, in large part due to a \$43,000 reduction in general and administrative costs. Welter also noted that though the report showed six past-due accounts, only three remained past due (with two of those on payment plans). Drennan asked whether payment plans should be considered past due. Pickett explained that because OARs do not allow adjustments to the amount of the billing, the bill is considered due in advance of service. Drennan questioned the legitimacy of considering a payee past due when they are adhering to an agreement to pay on monthly basis. Pickett responded the total funds are due relative to the amount stipulated in the permit, whether that amount is paid immediately or over time. A voided invoice only affects revenue if the service has been completed, so that the balance sheet and income statement remain intact.

Drennan referenced Welter's note about lower than expected general and administrative costs before asking Pickett to explain increasing the budget for Rest Area administrative costs over the next biennium. Pickett clarified that the referenced budget relates to the current structure and situation of the agency. The fund flows were balanced and, with the guidance of Secretary of State Audits Division and Moss Adams, the amount of anticipated administrative overhead cost was increased to 16.4%. Due to the passage of HB 2017, this exercise will need to be performed again. Marsh and Baldwin would like to discuss this practice during the Council's September meeting. Drennan asked if the August 21 solar eclipse was included in the current budget. Pickett responded operating expenses in July and August 2017 will most likely be over-budget due to the unforeseen magnitude of staffing and supplies needed for the event.

With regards to the recent installation of more people counters in the Rest Areas, Drennan asked for clarification about how people are counted. Pickett replied this is the third change in the way people are counted in the rest areas. Initially, only vehicles were counted, but a year-over-year people count reported 18 million and 15.5 million frequenting the Rest Areas during Fiscal Years 2016 and 2017, respectively. All Rest Areas currently have people counters, but vehicle counters have now been deployed to balance the counts going forward. Marsh inquired about the location of the vehicle counters, to which Pickett reported French Prairie, Santiam, Boardman, Ontario, Manzanita, and Oak Grove currently have units, with the intent to install solar-powered vehicle counters in all Rest Areas. Drennan asked if the vehicle count was multiplied by 2.5 people in order to extrapolate user counts. Pickett confirmed that, adding that this multiplier was from AASHTO.

Financial Statement Analysis: Drennan asked about consolidating the Roadside Council and Oregon Trail Kiosk accounts. Baldwin explained that the funds will be used to update interpretative kiosk signage, but the funds will remain in their respective accounts until expenditure, which Marsh, Pickett, and Welter confirmed. Drennan noted \$3.275 million, half of the original \$6.55 million, remains in the Restricted Rest Area account. He asked if this will be used for capital expenditures. Pickett confirmed excess funds are being committed to capital. While the passage of HB 2017 may change some projects and timing, the invitations to bid on the Santiam and Boardman paving projects are currently open. Pickett also noted that \$300,000 has not yet been allocated to specific projects.

Drennan pointed out the Small Equipment and Tools account has grown from \$90,000 to \$260,000 in the past year. He asked if a yearly inventory and subsequent adjustment had yet been performed. Pickett first described the purpose of the account (as an active management tool used to hold operation staff accountable for the retention of small equipment and tools) before confirming the performance of semiannual inventory counts. Welter used people counters as illustration of the inventory process, stating that inventory is expensed upon installation.

Statement of Revenue: Drennan asked why current year-to-date unemployment expenses were \$4,000, in comparison to the \$37,000 reported by this time last year. Pickett answered the amount of employees successfully filing for unemployment has substantially decreased from last year to this year and that the agency is currently on a direct repayment basis. In order to assess unemployment directly

against payroll, there will be a period of time where the agency pays both unemployment costs directly and the monthly assessment. Drennan asked about a negative entry for June 2017, which Welter explained was an accrual reversal. Each bill encompasses three months' of actual expense, but the accruals are based upon anticipated claims.

Baldwin asked about tracking solar eclipse-related expenses. Pickett confirmed that these expenses will be captured. Marsh commented equipment usage will likely be difficult to depict. Drennan noted a decrease in expenses, specifically surrounding Signs Repair and Maintenance. Drennan offered congratulations to the Sign Program and Pickett clarified this was due to Sign Administrator Diane Cheyne's long-term replacement plan. Marsh asked if there will be a different approach towards Rest Area Landscaping during this transition process with the newly acquired properties. Pickett explained that we plan to discuss with the Rest Area committee a project plan that adjusts to adhere to HB 2017. Marsh asked if the increased legal costs were due to contract legal sufficiency and cannabis-signage questions with the DOJ. Pickett confirmed this, adding that ORS 279C broadens contracting requirements.

Past Due Accounts: Marsh asked to resume the conversation about instituting a late fee. Pickett explained the late fee can be applied only after changing OARs, which needs Travel Information Council approval first. Marsh iterated the application of a late fee will incentivize timely payment. Drennan asked if the approval of a late fee will take place during the discussion surrounding the sign fee increase. Pickett replied that this would be decided at the September Council meeting.

Capital Projects: Marsh asked about the status of the Deadman Pass Well Project. Pickett expects a complete cost estimate by July 31, with the discussion underway regarding the cultural observation requirement with the Confederated Tribes of the Umatilla Indian Reservation. Drennan commented that the Triple Nickels Marker installation was slightly over budget before asking if the Heritage Program collects enough funds to offset the expenses for marker installation. Pickett responded that they are generally capable of collecting enough to offset those costs.

Legislative Topics: Pickett reported agency work on specific plans for the transfer of rest areas and infusion of capital funds under HB 2017. The current approach, strategy, structure, and implementation of acquired Rest Areas are being discussed as each component interacts and depends upon each other. Marsh agreed that a part of the conversation will include evaluation of the current model. Pickett offered vehicles, staffing, and janitorial strategies as examples for possible changes in approach. Drennan asked if there is a six-month lapse in Rest Area funding between December 31, 2017, and July 1, 2018. Pickett said a provision in HB 2017 provides \$3.3 million in funding on January 1, 2018 to move us to a fiscal year funding transfer cycle. Drennan asked if the Grove of the States project is currently moving forward as scheduled. Baldwin confirmed and noted the project is under budget.

Other Business: Marsh opened the discussion to eclipse planning, specifically focusing upon the plan for approaching travelers who are stopped on the freeway. Pickett said the plan is to keep the Rest Areas open and running. Staff will provide 24-hour coverage for the event at key locations as needed.

This planning is consistent with other state agencies. Marsh asked if management will be possible without citations. Pickett said staff will report serious illegal activity and Oregon State Police will attempt to respond, though it likely will be situational. Baldwin added regardless of intentions, people will stop on the side of the road upon totality. Marsh asked for an update on the meeting with the US Forest Service regarding Government Camp's parking lot. Pickett reported the meeting was positive as the USFS is now leading work toward both immediate and long-term solutions.

Adjournment: The meeting adjourned at 3:54 p.m.

Next Meeting: Wednesday, August 30, 2017 at 2:00 p.m., telephonic at the OTE Offices, 1500 Liberty St. S.E. Suite 150, Salem, OR 97302.
