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**TRAVEL INFORMATION COUNCIL**

**march 19, 2018 MEETING**

**SUBJECT: Revised 2017-19 Biennial budget summary**

**Originated By**: Tim Pickett, Director of Administration

**REQUESTED COUNCIL ACTION:** Approval of draft Revised 2017-19 Budget for posting and public comment.

**Background:** HB 2017 and changes in agency personnel required revision of the 2017-19 adopted budget. Staff developed the attached draft revised budget based on legislative and actual changes. This staff memo reviews the assumptions and major changes in the revised draft. The draft was presented to the Finance Committee and several minor changes were completed based on their review and recommendations. The most significant change was increasing the assumed inflation rate from 2.5% to 3.5%.

 **Budget Assumptions:**

* 1. The rest area program is modified by HB 2017 impacting revenues, expenses and capital requirements. Rest Area Revenues include $3.33 million on January 2, 2018, and $8.005 million on July 1, 2018 with an additional $2.8 million in capital funds.
	2. Sign Program Revenues will increase by 3% year over year.
	3. Inflation is assumed at 3.5% year over year.
	4. The rest area workforce will increase by two supervisory and five specialist positions in June 2018. These positions will be funded out of existing program funds, forcing a period loss in fiscal 2017-18. Three specialist positions will be added in June 2019 in advance of the three new rest areas managed July 1, 2019 from Oregon Parks and Recreation Department.
	5. The overhead transfer is reduced from 16.4% to 14% effective February 2018. The HB 2017 increase in funding allows recovery of support costs at the lower percentage.
	6. The cost of operation for the July 2018 added rest areas are estimated on similar existing rest areas. Cow Canyon is based on Deadman Pass and Gov’t Camp; Beaver Marsh is based on Baker Valley rest area; Midland is based on Ontario, The Maples is based on Gov’t Camp, and Sunset is based on Gov’t Camp. There will be differences as the actual costs of operating the rest areas develop.
	7. Personnel costs includes a greater allocation for fill-in personnel in rest areas. This is because the workforce is now more stable and personnel are using vacation and other time off more heavily than previously estimated.
	8. Agency personnel are subject to a 2% COLA effective January 1 of each year and a merit increase pool of 3% of total salary, to be distributed effective July 1 of each year.
	9. Capital projects are not fully defined for the 2018-19 fiscal year and the cash flow assumes the program will consume the entire $2.8 million inflow defined in HB 2017 for capital projects. Planning and research including completion of the engineering study of currently managed and future rest areas will provide actual answers for what is currently estimated.

**analysis:** Staff is completing planning for onboarding the new rest areas. Internal recruitment for open positions is already in process with external recruitment to follow. The rest area review will provide detailed information for strategic maintenance and improvement planning across current and HB 2017 new rest areas. The draft revised budget admittedly contains estimates for operating the added rest areas. Capital projects, except the Oak Grove rest room replacement, are not yet defined. With that in mind, the revised budget represents staff’s best view of the cost to operate through the end of the biennium. The agency’s programs reflect positive retention and cash flow at the end of the period. Staff recommends Council approve the draft 2017-19 revised budget.

**Impact:** Approval by council directs staff to post the revised budget and initiate the public comment period prior to Council’s adoption of the revised budget. Staff will collect comments as received and distribute them to council for review.

**NEXT STEPS:** Upon TIC approval, the proposed budget will be posted for public comment, and come before Council at the June meeting for final discussion and adoption.

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