



Oregon Travel Information Council

1500 Liberty Street SE, Suite 150
Salem, Oregon 97302

MINUTES

Finance Committee

Wednesday, February 28,
2018

Members Participating:

Mike Marsh; Mike Drennan; Ed Washington

Members Excused: Bob Garcia

OTE Staff Participating:

Jim Denno; Diane Welter

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

Roll Call: Marsh, Drennan were present by phone. Staff were present in the office.

Business:

January Financials: OTE continues to outperform budget expectations. Retention in January was \$25,747 better than budget. The year-to-date retention was \$97,431 better than budget. The balance sheet is comparable to prior month. Rest Area Restricted Funds increased by the \$3,330,000 received from ODOT, offset by the \$581,075 needed to support operations. Current Liabilities for Rest Area Deferred Income increased \$3,330,000. This is offset by January's recognized revenue of \$555,000 which is the monthly amount of recognized revenue. Staff continues to verify our fixed asset base. There was a net prior period adjustment in January to decrease fixed assets by \$20,670.

The General Administrative Expense is down 7%. Drennan suggested a correction to Welter's memo that the Debt to Equity Ratio increased to .25 from .16 and the reciprocal Equity to Debt Ratio decreased 3.96 to 1.67. Drennan asked for clarification for the increase in funds to the Historical Marker program. Welter explained that the increase is six months' worth of the funds approved by Council to go to the Historical Marker program from the sign fee increase. Marsh clarified that with the increase in fees from Centerlogic \$2,495 will be the standard monthly fee going forward with an additional \$600 dollars for licenses and related costs. The committee then discussed the possibility of future costs from Victory group.

Drennan asked if work on the fixed asset base was still on track to be completed by the end of the fiscal year. Welter replied things are still going forward as planned, but age and lack of supporting documents of the assets is adding time to the project. Drennan asked for the clarification on the 7% increase in Payroll in January. Welter responded that it was the combination of two holidays and the above average total hours in the month that contributed to the overage.

Washington joined the meeting at 2:55 p.m.

Water and Sewer was down 8% and Legal saw a decrease as well. All Capital Projects are within budget.

Budget Update: Welter said the need for the revised budget was due to the additional funds provided in HB 2017. The first six months of the fiscal year, July through January, reflect actual expenses. The remaining months were projected based on current expenses. The personnel required for the additional rest areas coming on board July 1 are budgeted starting June of 2018. The Budget for 2018 -19 has staff included for all five additional rest areas. Marsh proposed raising the projected inflation rate from 2.5% to 3.1 or 3.5% due to the most recent information. Drennan and Washington supported this proposal. Drennan asked why administrative costs went from 16.4% down to 14 %. Welter explained further analysis showed that we were over charging them causing the rest area accounts to run negative. Welter will have Pickett follow up with the committee.

Approval of the Minutes: Drennan proposed removing “the current ratio will not be affected” from the first paragraph under Business and correcting “roll” to “role” from DeSouza’s new role. Drennan moved to accept the minutes with the proposed corrections. Washington seconded the motion. The motion was approved.

Washington left the meeting at 3:27 p.m.

Budget Update Continued: Marsh requested future work on a standard cost per square foot as a part of the rest area model. Drennan asked if all the funds for capital projects were provided at the beginning in July of 2018. Denno said that in HB 2017 the agency receives capital funds of varying amounts on a yearly schedule from 2019 – 2026. He then clarified the ongoing discussion to remove the mobile office trailers in the rest areas and replace them with permanent structures. The budget was based on the current model, but the discussion to move to permanent structures is ongoing.

Marsh asked that the cost savings available by insourcing landscaping and janitorial work be stated clearly and readily available. He asked if the rest area vehicle policy had been completed. Denno said that a pilot project has been launched in the new rest areas. Instead of specialist being assigned a vehicle, the vehicle will be assigned and kept at the rest area. The information gathered for the pilot will be used to make further decisions. Drennan asked for further information on why, when we are adding more rest areas in remote locations, the rest area budget decreased for travel and why total expenses for non-rest areas went from \$2,010,000 to \$1,000,950. Welter said she will ask Pickett and send a memo to the committee.

Drennan asked why Capital Investment - Other funds are exactly the same amount for both years. Welter said she would follow up with Pickett, but she believes it is budgeted flat because the project and their amounts have not been decided yet.

Other Business:

Legislative Update: Any amendments to HB 2017 should be passed out of committee today, but nothing relating to OTE. There is now possible funding for the Anti-Human Trafficking Bill. Once those funds have been received staff will begin hanging the frames and posters.

Welter will get answers to the committee questions and make any revisions. There will be a motion to approve the budget to move forward to Council through email.

Adjournment: The meeting adjourned at 3:58 p.m.

Next Meeting: Wednesday, March 28, 2018 at 2:30 p.m., telephonic at the OTE Offices, 1500 Liberty St. S.E. Suite 150, Salem, OR 97302.