MINUTES
Travel Information Council
Finance Committee
Wednesday, April 27, 2016

Members Participating:
Mike Drennan; Mike Marsh; Gwenn Baldwin

Members Excused:
Dave Lohman

OTE Staff Participating:
Nancy DeSouza, Executive Director; Tim Pickett, Operations Director; Diane Welter, Accounting Manager; Jessica Carbone, Office Assistant

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The meeting was called to order by Marsh at 2:00 p.m.

Roll Call: Staff present in person; Marsh present by phone. *Drennan joined the meeting at 2:02 p.m.*

Business: Pickett opened with discussion of his memo on the LED lighting conversion at French Prairie. Staff's analysis of March's financial reports led to a conversation with Drennan and Marsh about the LED lighting projects. *Baldwin joined the meeting at 2:09 p.m.* Drennan gave Baldwin a summary of the previous conversation. Baldwin asked if there was an assumption that the project was going to be a capital expense, then accounting staff reclassified it as operational and this is just re-categorizing it back to capital or were there other issues? Drennan answered that it was the former. It was purposed to the Council as capital expense, but staff was concerned that since each individual light did not meet the $5,000 dollar limit, it didn't meet the capital expense threshold. After further discussion and verification with Moss Adams, it was confirmed that the total cost of the lighting project could be defined as a capital project. Because the project received a financial benefit from the Energy Trust of Oregon that reduced the cost of the project, as a capital expense, that will be captured. The change will put $96,108 into Assets.

Marsh discussed the continued conversation of the capitalization component of blue signs. Pickett said in reviewing the situation with Diane Cheyne, that signs maintenance and replacement has lagged over time due to financial restraints. We are now in the process of driving that replacement forward. When the process started, the crew was replacing signs installed in the 1980s; now the oldest signs are from 2001. This process is using funds at a greater rate and has been scaled back for the rest of this year to stay closer to budget.

Drennan suggested that since the funds are available, even with the negative impact on monthly P&L, the sign replacement should go forward. Pickett responded that currently there is a $100,000 YTD positive retention in signs, but the current program could drive numbers into a negative retention situation. Drennan asked DeSouza what her thoughts were. She responded that there may be a question of what the staff's capacity to be able to install, maintain and replace signs, but we are in the position to take a more aggressive stance to invest in signs.

Baldwin asked if every place that we could have income-producing signs has been optimized or is the discussion just about maintenance of the signs we currently have? Pickett responded that it would be a two-pronged approach. The program is currently doing a great job of maximizing the existing signs. Currently the program is receiving an influx of applications for new signs, with the majority being TOD signs, which are less expensive and fall under the $5,000 threshold. This is a component of why the Repairs and Maintenance account is at the level it is.

Baldwin asked that control for the least amount of negative influence on the P&L be used and that signs with the potential to bring in more revenue be a priority to maintain.

This brought up discussion on how the committee wanted to plan the timing for the use of funds coming up to the 2017 session.

Marsh asked that since the Council has adopted an investment capital budget with rest areas, wouldn't the same approach be taken with the sign program? Pickett said that the Council-adopted budget had an investment approach in both the sign and rest area programs. If the same plan is continued there will be more sign assets to develop to create more revenue and the quality of the infrastructure will be improved. He pointed out that we will soon be in the second half of the biennium, where more money for repairs and maintenance is allocated.

After a lengthy discussion of expenses versus assets and the priority of a plan of expansion versus bringing up the current infrastructure, it was decided that staff would take the look at the opportunity and the cost and operate within the suggested parameters.

Marsh commented on actual FTE being up slightly. Pickett said that it is affected by numerous factors, such as temporary employees in the rest areas, but he does not see it going above estimated budget.

Drennan inquired about the timetable of reconciling the cash accounts. Pickett explained that reconciliation of the cash account is planned to happen by the end of the fiscal year. Welter now has full responsibility for the payroll cycle, which has taken a lot of her time. There is a discussion open on the finalization of the restatement of the assets. The earliest date would be July 1, 2016, to maintain a consistent set of financial report through the fiscal year.

Balance Sheet: Marsh had a question on the status of collections within the agency because of Senate Bill 55. DeSouza stated that we send out an invoice for the annual renewal for the sign. If the payment is not received, the status of the sign is returned to a 30-day notice and then removed. Since the permit is not an ongoing contract in perpetuity, 30 days is below the threshold.

Profit and Loss Report: Marsh asked if staff was expecting any big change to health and dental insurance costs before the end of the biennium. DeSouza said that at the end of the calendar year, employees can change health coverage, and we will not know until fall what the rate choices will be. She reminded that a significant cost increase will come in PERS charges next biennium. Drennan asked if we gave sick leave to temporary employees before the new legislation. DeSouza said that sick leave was not previously awarded to temporary employees, but the ACA now requires one hour of sick leave for every 30 hours worked.

Marsh asked Pickett to explain the reduction of janitorial and landscape contracts, mainly landscaping, due to insourcing of the work. Pickett explained that Nash and the rest area supervisors review the work needed at the rest area, with the understanding that no additional labor would be added, and determine the best course of action. With the costs of a new tractor, there should be a return on investment after two years.

Drennan had discussed deprecation with Pickett. Even though the budget numbers seem high, he had expected that the sign adjustment would be able to be made. Depreciation is still being recorded month-over-month; that number will come down when the sign adjustment is made.

Marsh congratulated Pickett and DeSouza for the reduction of legal costs as a sign of successful management.

Cash Flow: No comments.

Past Due Accounts Report: Marsh noted that there were a few more accounts than the month before, but Pickett's notes on actions taken are well documented.

Other Business: DeSouza updated the committee about funds that may be available from Clackamas County Tourism for projects at Government Camp, but discussions are still happening. She also gave an overview on the success of staff's time at the Governor's Tourism Conference.

Baldwin informed the committee that the legislative joint committee to develop the transportation package was announced.

Approval of the Minutes: With the addition of a period at the end of "adopted strategic plan," Drennan moved to approve the March 23, 2016 minutes. Baldwin seconded. Minutes were unanimously approved as corrected.

Adjournment: Meeting was adjourned at 2:44 p.m.

Next Meeting: Wednesday, June 01, 2016 at 2:00 p.m.