



Travel Information Council
1500 Liberty St. SE, Suite 150
Salem, OR 97302

MINUTES
Finance Committee
Meeting
Monday, December 5, 2022
Virtual Meeting

Members Participating: Eliza Canty-Jones; Bob Garcia; Mike Drennan

Excused: Valerie Wilson

TIC Staff Participating: Elizabeth Boxall; Jessica Carbone; Diane Cheyne; Steve Duvall; Michelle Roth

The meeting was called to order by Canty-Jones at 11:07 a.m.

Roll Call: Introductions were made for the record. Committee members and staff were present.

Approval of the Minutes:

Drennan made a motion to approve the Oct. 12, 2022 minutes with minor amendments. Garcia seconded. 3-0 Vote.

Garcia made a motion to approve the July 27, 2022 minutes with the correct date of the approved May 25, 2022 minutes. Drennan seconded. 3-0 Vote.

September Financials: Drennan asked why the capital expenditures had \$26,000 listed for the purchase of a truck but were not reflected on the balance sheet in fixed assets. Roth indicated the cost was still included in Construction in Progress because there is a period between when the truck is paid for and when it is put into service at the Ontario/Weatherby Rest Areas.

Roth then answered questions brought up by Drennan at the October meeting. The continuing trend of wages running under budget and retirement expenses running over budget is due to the PERS pension obligation bond not being budgeted for when the budget was created. Roth said that she talked with the Rest Area Supervisors at the recent Supervisors' meeting and learned that Repairs and Maintenance: Building and Landscaping is below budget due to Supervisors deferring maintenance due to concerns about soaring prices and supply chain issues, including the inability to get the right materials to make repairs. But since corrections in the supply chains and inflation don't seem to be correcting themselves any time soon, Roth believes there will be an increase in the category soon as the deferred items cannot be put off indefinitely.

Roth presented a reformatted restricted capital funds report. Canty-Jones asked if there was a formal project closing process. Roth indicated there was. Roth said that investments are doing well with interest earnings higher than budgeted. The committee then discussed possible future strategies with investments such as where the money is invested and CDs vs. money markets.

2023-25 Budget Preparation Discussion: The committee discussed staff's budget assumptions that will be used to create the 2023-25 agency budget. Roth said the assumptions are very similar to past budget cycles. Some differences include a general inflation rate of 4.2%, and 8.8% for contract providers. These are the assumption rates outlined in the state budget instructions. The proposed cost-of-living adjustments (COLAs) are a little higher

than previously at 3.5%. Drennan asked what the State's COLA will be for 2023. Staff said that it won't know until the unions negotiate next summer. The committee recommended aligning to the state's COLA outcomes, with a not-to-exceed rate of 4.2% year over year.

Canty-Jones asked Cheyne to speak about Sign Program revenues that were estimated to remain flat for the next biennium. Cheyne said that since the beginning of the COVID pandemic, the program has lost 80 customers overall, but the program revenues have stayed even. When traffic counts came out for 2021 the program lost \$62,000 in revenue, but when traffic counts came out for 2022, revenue went up \$58,000. It is estimated that sign program revenue will remain stable.

Canty-Jones asked if the budget will be created under the assumption the agency will be fully staffed. Roth confirmed it would. Drennan asked if a new accountant had been hired. Roth informed the committee that Yolanda Ruiz-Simon will return to the agency as the agency Accountant. Garcia asked when the funding set out in HB 2017 ended. Boxall answered in 2026.

Drennan made a motion to recommend approval of the 2023-25 Budget Assumptions to Council with the amendment of a suggested COLA from up to 3.5 to up to 4.2%. Garcia seconded. 3-0 Vote.

Financial Policy Amendment: Boxall said that a recent billing brought to light a gap in the current financial policy. The current policy allowed for an expedited process under certain circumstances where an unanticipated and urgent project related expenditure over \$25,000 can be approved if needed before a scheduled Council meeting. The current policy does not cover situations for unanticipated and urgent non-project related expenditures. A bill was received for the software licensing of Office 365, which is required by the state for all agencies, including semi-independents. The requirement and switch took place in October 2021. The agency received a bill for next year, which is approximately \$40,000, which is unbudgeted. Boxall requested the committee recommend approval of an amendment to the financial policy to reflect a similar process to that used for capital projects for any unbudgeted items.

Drennan made a motion to recommend approval of amending the financial policy to account for unanticipated and urgent non-project-related expenditures over \$25,000 to Council. Garcia seconded. 3-0 Vote.

Capital Improvement Budget Update: Duvall gave the committee an update on the status of the capital improvement budget. In 2017, the legislature allocated \$19.5 million for rest area capital improvements. In 2022, the agency received \$12 million of the \$19.5 million. \$6.7 million has been spent to complete about 112 projects. This leaves about \$15.3 million for future projects. It's anticipated that there will be enough funding to complete all Priority 1 projects already in place. This includes The Maples, Memaloose, Santiam remodel, Sunset Springs, Baker Valley, Charles Reynolds, and Deadman's Pass.

Duvall stated that cash flow, assuming a 20% inflationary increase, becomes uncertain for the remainder of the Priority 1 projects but, with additional monies from HB 2017, regains financial stability moving into the Priority 2 projects at Ontario and Weatherby. There may insufficient funds to complete Priority 3 and 4 projects, but we should have adequate capital funding through 2024-25 and maybe even into 2026. This will allow an opportunity to prepare a budget request for the legislature for the 2025 session.

The committee then discussed the staff's work on planning for unplanned capital expenses. Roth and Duvall developed a plan to budget operational funds to handle unplanned necessary capital project work. Canty-Jones asked if there were any concerns about being able to meet immediate needs. Duvall said no, there were adequate capital funds. Duvall informed the committee that another unforeseen expense was that the State Historical Preservation Office just informed TIC that the majority of rest areas are now 50 years or older and will require significant historical assessments to be able to do construction. Drennan requested that the Finance committee review upcoming construction bids to track and monitor the impact of inflation on our

costs. Duvall said his contact in the industry said they did expect the costs related to inflation and petroleum to come down over the next year, but not labor. Canty-Jones suggested these updates on capital funding be brought before the committee for review every six months.

Other Business:

The agreed-upon procedures review conducted by Moss-Adams was completed at the end of October. Staff anticipate receiving the final report in mid-December.

Cheyne informed the committee that the annual sign fee discussion will take place at the March meeting instead of the December meeting. There is research being conducted to find a company that would be able to email invoices and accept credit card payments online. Currently, customers must go to the TIC website and pay through US Bank. The customer is responsible for paying a 3% fee to US Bank for the ability to pay online with a credit card. With this new service, TIC is looking at options to address merchant fees under a new process. TIC currently pays US Bank \$1,800 a year to provide credit card services. EBiz, the potential company partner, charges \$479 a year. Staff is hoping this will be a more efficient method for customers and accounts receivable along with cost savings since fewer paper invoices will have to be printed and mailed. Cheyne informed the committee that staff is currently accepting bids to replace the Multnomah Falls kiosk structure. There is a tentative estimate for the budgeted remodel of \$120,000.

Adjournment: The meeting adjourned at 12:07 p.m.

Next Meeting: January 25, 2023 at 11:00 a.m.