



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

MINUTES
Finance Committee
Meeting
Wednesday, February 22, 2023
Virtual Meeting

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

TIC Staff Participating: Elizabeth Boxall; Jessica Carbone; Diane Cheyne; Heather Peck; Michelle Roth

The meeting was called to order by Canty-Jones at 11:01 a.m.

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

Approval of the Minutes:

The November 30, 2022 minutes will be moved to the March 22, 2023 meeting because the committee did not get a chance to review them.

Drennan made a motion to approve the December 5, 2022 minutes as submitted. Garcia seconded. 4-0 Vote.

2023-25 Budget Review: Boxall said this budget development cycle has been challenging due to a variety of factors which many agencies are facing, including uncertainty of inflationary trends and a potential future market correction with varying predictions of levels of certainty and timelines. Overall, the 2023-25 Sign Program projections remain flat, and the Heritage Programs would continue to run lean, but productively. As previously shared with committee and Council, the existing Rest Area capital budget will not cover all remaining planned capital projects. Regarding Rest Area Program operational funding, Boxall said that her understanding is that the \$9.1 million received annually was intended to create reserves in the earlier years knowing that at future point, accessing those reserves may become necessary. The current 2021-23 biennium will be the first time these reserves will be accessed.

Boxall said that the assumptions made on the 2023-25 budget were generally conservative, such as cost-of-living increases. COLAs were estimated at 4.2% year-over-year, but the state has not had a COLA larger than 3.1% since 2010, so while it's possible, it would be unusual, especially consecutive years. The budget also assumes a 3% merit increase that not every employee will be eligible to receive. Next steps are to continue strategizing for additional cost reduction measures and efficiencies, most specifically focused on rest areas. Once newer leadership staff are fully seated and proficient in their new roles and market indicators are clearer, it's possible that the agency may need to revisit the budget for a modification.

Roth presented two budget scenarios for the committee's consideration. The first scenario was based on the initial assumptions presented to the Council in December 2022. Roth said an inflationary factor of 6.2% was used for medical, dental, and vision insurance and the new paid leave Oregon tax was added. The overhead allocation rate for rest areas was kept at 12%. Capital expenses for the Sign Program were increased to \$410,000 for the first part of the biennium and \$400,000 for the second. Scenario two includes assumptions from the first scenario with a few variations. In scenario two, the inflationary factor for janitorial and landscape contracts was brought down to

6% from 8.8% and the Legal from Rest Area-General line item was removed since there was no available history of expenses in this line item previously. Network service from Rest Area-General was cut in half, merit increases for staff that had already met their salary cap and are ineligible for merit increases were removed and amounts in the line item for Convention and Meetings and Professional Development were decreased. Estimated amounts of credit card rebates were added.

Roth presented a rest area operating fund analysis to show how much of the operating fund reserves would need to be accessed each year of the biennium. Scenario 1 would be approx. \$840,000 for FY 23-24 and approx. \$1.35m for 24-25 and Scenario 2 would be approx. \$787,000 for FY 23-24 and approx. \$1.254m for FY 24-25. Drennan asked why the Legal and Professional line item was so high. Boxall explained that an organizational audit was planned during the biennium as part of the recently adopted strategic plan. Roth also said that category also included the agency's outsourced IT and payroll services. Drennan asked which scenario staff proposed. Roth said that staff is proposing the recommendation of the second scenario. Garcia asked how staff reached the reduced inflation of 6% in the second scenario. Roth replied that when staff looked at the latest round of renewals, even though there was an outlier, most contractors requested between 3% and 4% and thought that 6% was still realistic. Drennan noted that the risk insurance rate was increasing. Cheyne said that may be due to the multiple claims that have been filed due to uninsured motorists hitting TIC signs. Boxall said that risk insurance is based on the entire agency claim history and varies each biennium.

Sign Fee Discussion: Cheyne informed the committee of potential budgetary impacts that could affect future sign fee increases. The Coral Construction Prices Agreement expires on June 30, 2023. The renewal paperwork will be shared with the committee in May and go to Council for approval at the June Council meeting. Cheyne said she did not anticipate Coral Construction requesting a large increase, if any, at the time of renewal. The proposed Other Funds budget for FY 2023-24 shows positive retention without a planned sign fee increase. It was later discussed that this did not include expenses for a new online system for electronic payments. FY 2024-25 accounts for a 3% sign fee increase to offset increasing overall costs. Cheyne said that sign capital projects were on track at \$350,000 for FY 2022-23. The 2021 traffic counts have been completed along with a review of each customer space. There was an overall increase in revenues by \$58,409. It is anticipated that traffic counts will increase for 2022, but not at the rate of 2021.

Sign Program staff are exploring a new online invoice system. Customers would be able to pay online with the servicer or mail a check. Any customer without an active e-mail account would receive a mailed invoice. Current TIC sign customers pay US Bank a 3% fee in addition to their sign fee when they pay online. Under the proposed structure, TIC would look to absorb the service fees associated with the online system. Staff anticipates some cost savings from the reduction of mailing approx. 200-400 paper invoices per month. The committee discussed the fees associated with the online system and importance of covering such expenses, especially as inflation continues to occur, balanced against potential impacts to customers with a 3% fee increase. Garcia said that even with a 3% increase TIC's highway signs are still the best value for the services they provide, making one comparison to billboards which are significantly more costly.

Garcia made a motion to recommend approval of a 3% sign fee increase to Council for FY 2023-24 and directed staff to budget for a 3% sign fee increase for FY 2023-24 and FY 2024-25 which the Council must consider annually. Drennan seconded. 4-0 Vote.

Drennan made a motion to recommend approval of the proposed 2023-25 budget scenario two with the amendment of the additional proposed 3% sign fee increase in FY 2023-24 and additional fees for the potential new online invoice system to the Council. Garcia seconded. 4-0 Vote.

Other Business:

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

Next Meeting: March 22, 2023, at 11:00 a.m.

DRAFT