



MINUTES

Finance Committee Meeting

Wednesday, February 26, 2025

Virtual Meeting

Committee Members Participating: Eliza Canty-Jones; Mike Drennan; John Hamilton

Excused Committee Members: Bob Garcia

TIC Staff Participating: Mac Lynde; Heather Peck; Michelle Roth; Diane Cheyne; Jessica Carbone

Canty-Jones called the meeting to order at 1:03 p.m.

Roll Call: Canty-Jones called roll for the record. Committee members and staff were present.

Business Meeting

Approval of the December 4, 2024, Minutes:

Drennan made a motion to approve the December 4, 2024, meeting minutes as presented. Hamilton seconded. 3-0 Vote, Canty-Jones- yes; Drennan- yes; Hamilton- yes.

Department Update: Roth updated the committee on the status of Senior Accountant recruitment. The first recruitment was unsuccessful, and the position was reposted. The second recruitment closes today. If the second recruitment is unsuccessful staff is considering changing the position from an Accountant 3 to an Accountant 2 or fiscal analyst. Statewide, agencies are having difficulty filling these positions. There has also been difficulty finding temporary help in the interim with the right skill level. After weighing the cost versus the benefit staff have ended bringing in temporary help. In the interim some work has been reallocated and some work and projects have been placed on hold while the position is vacant as staff focuses on critical work. Drennan inquired about why outside services for accounting and contracted services were over budget. Roth stated that accounting services include costs for the annual agreed upon procedures review as well as costs for temporary accounting staff. Contracted services include HR services through DAS. Costs for temporary accounting staff from Robert Half and HR services through DAS were not part of the original budget. These services are being provided by outside staff due to vacancies in budgeted staff positions with corresponding savings in payroll expenses. Hamilton asked what the process was for authorizing expenditure of the funds that were not in the budget. Roth said that a request for expenditure approval for HR services was taken to Council due to the size of the contract. The committee discussed

variance approaches for accounting for major variances in budgeted and actual amounts including staff reporting on significant variances as well as when to amend the budget.

Review of the November and December 2024 Monthly Financial Reports: Roth said that November and December continued to show greater than planned interest income, but interest rates on the LGIP accounts have dropped some to 4.7%. Roth said that payroll in December is under budget due in part to the COLA being budgeted to take effect December 1st at 4.2%, but it taking effect January 1st at 6.5%. The savings in payroll will be temporary and offset by higher payroll costs due to a higher COLA. Repairs and maintenance for signs and displays have been running under budget due to many projects exceeding \$5,000 and being capitalized rather than expensed. Drennan asked for an update on the Oregon Trail Kiosk project as there had been \$30,000 in deferred income that was no longer being reported in November. Roth said that the \$30,000 in deferred income for this project was recognized as income as the funds were paid to Bryan Potter Design for completion of the design phase of the project. The committee then began discussion on the December financial reports. Drennan asked why auto repairs and maintenance was over budget. Roth said that unfortunately one of the sign program trucks needed a lot of repairs, despite only being four years into its five-year life cycle. Due to this staff decided to replace it a year earlier than planned. The committee discussed the history of vehicle replacements and their replacement cycles for the sign and rest area programs. Rest area staff had created a truck replacement plan, but lasting challenges from the pandemic in being able to purchase new trucks and lack of funds have created the need to keep trucks longer than planned resulting in greater maintenance costs. Drennan asked if remaining funds from completed capital projects would be put back into the capital projects budget for other capital projects. Peck said that it would. Drennan then asked, with the agency's current funding concerns, if all the projects currently listed as on hold would be completed. Roth said that staff worked on a capital project plan as part of the budget. Right now only the Oak Grove paving project will be moving forward. Canty-Jones asked Roth if there was good reason to expect the congressionally directed spending for the final phase of the Oregon Trail Kiosk Project. Lynde said that there had been some concerns about whether the current administration might retain previously allocated federal dollars, but as of right now, all indications are that the funds are moving forward. The committee then discussed the status of federal funding. Lynde said that TIC does not depend on federal funding, with the exception of the Oregon Trail Kiosk project.

2025 – 2027 Budget Summary: Roth reviewed the timeline for the approval of the 2025-2027 budget. The budget was built using 4.2% for general inflation and 6.8% inflation for janitorial and landscape services. Personnel costs were budgeted with 4.2% COLAs in January 2026 and 2027. The budget includes the change of going to a step-based compensation system. The committee discussed the change to a step-based compensation system. PERS rate increases of 3% - 3.66% and an estimated 5.6% increase to health insurance premiums were also included. There was also a 20% increase to risk management charges and 30% - 95% increases in payroll and human resource DAS shared services fees. Roth explained that the 30% increase is for our contract with DAS for human resources. Currently, TIC is paying about the same amount that was budgeted for a part-time in-house HR manager, but Roth would say TIC is getting a lot more breadth of services for the same price. Payroll services are increasing 95%. Currently, TIC is paying about \$20 per

person for each person processed in each payroll run, and it is increasing to \$39 a person. While the cost is going up a significant percentage, the dollar amount isn't that big. Like HR services the cost of payroll services with DAS is less than staffing the position in house and allows for redundancy in this essential task. The budget also includes funds for increasing computer replacements due to the age of equipment and the need to modernize. Roth said the budget for the rest area program was built with current statutory funding of \$9.16 million for operations and \$766,000 in capital funding for FY 2025-2026 and no additional capital funding after that. Due to the age of rest area buildings and systems \$250,000 was built into the budget for unplanned repairs. Roth said that additional interest income in prior years allowed expenses above funding levels, but in FY 2026-2027 there will not be enough funding to support current service levels and reductions will be required. As the budget is built currently, there will be a \$2.6 million deficit in FY 2026-2027. The \$750,000 operating reserve is being used to fund a portion of this deficit and a \$1.9 million reduction in personnel and services and supplies will also be needed. Lynde said that the budget was built to preserve current levels of service as much as possible in the first year of the biennium, recognizing that if the legislature does not implement a funding package a reduced budget affecting services levels will have to be implemented in the second year and maybe even the following year after that. Peck then spoke about what those reductions would look and feel like to those using our services. Lynde then spoke to the committee about how his conversations and outreach about TIC's funding needs have been going with legislators. Roth highlighted some key components of the sign and heritage program budgets. A 3% sign fee increase is included in FY 2026-2027, pending review and approval by the Council. Bank service fees to cover the 3% credit card transaction fee were budgeted beginning in January 2026. The heritage program budget includes \$110,000 in funding for the Oregon Trail Kiosk project in FY 2025-2026. This is half of the federal congressionally directed spending for the project. The other half is expected to be earned in the current biennium. TIC also has a 10% match for this project. Roth then presented the capital outlay budget for 2025-2027. Peck asked the committee to modify the budget for rest area truck replacements. She would like to increase the amount budgeted \$9,574 to \$225,000 and move all the funding into FY 2025-2026. Peck said she received an updated quote, and the additional funds would allow for the purchase of 5 trucks. The budget as presented includes planned personnel, services and supplies and capital outlay costs of \$17.8 million in cash outflows for FY 2025-2026 and \$16.3 million in cash outflows for FY 2026-2027. Forecasted cash balances at the end of the biennium would be no ending rest area operating funds, \$770,000 in rest area capital funds and \$2.4 million in other funds. Roth clarified that approval of the budget authorizes the expenditure of funds within approved budget limits including contracts or expenditures above \$25,000. Canty-Jones asked staff to confirm her understanding that approval of the budget is approval of expenses included in the budget even when they are individually above \$25,000. Lynde confirmed and said additional details on what contracts and larger purchases are included in the budget are being outlined in a budget narrative. He explained how staff would keep the committee and Council informed of any changes or variances in approved budgeted amounts.

Hamilton made a motion to recommend approval of the proposed 2025-2027 budget as presented including the amendments to rest area truck purchases, which includes combining all allocated capital funding for the trucks to fiscal year 2025-2026 and adding \$9,574 in funding for trucks, to Council. Drennan seconded. 3-0 Vote, Canty-Jones- yes; Drennan- yes; Hamilton- yes.

Lyne thanked the committee for their time today and the rich discussion.

Adjournment: The meeting adjourned at 2:52 p.m.

Next Meeting: April 23, 2025, at 11:00 a.m.