MINUTES

Finance Committee Meeting

Wednesday, November 19, 2025

Virtual Meeting

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

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

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Canty-Jones called the meeting to order at 11:00 a.m.

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

Business Meeting

Approval of August 6, 2025, Minutes:

Hamilton made a motion to approve August 6, 2025, meeting minutes as presented. Drennan seconded. 3-0 Vote, Canty-Jones- yes; Drennan- yes; Hamilton- yes.

Public Comment: None.

Director's Update: Lynde began with an update on the status of the transportation funding package that had been approved by the Legislature in September. The bill was signed into law by the Governor on November 7. Lynde said that this bill was considered a stopgap funding mechanism for ODOT and for TIC. The bill included an additional $3 million in rest area operations funding effective July 1, 2026, to maintain the current level of service, and no additional capital funding. The 2025-27 budget approved by Council did not include these additional funds and would have had TIC making cuts of about $2.6 million. There is a concentrated effort to collect the signatures needed to take the bill to the voters underway. Lynde said that it was his understanding that if enough signatures are collected, it would be on the November 2026 ballot. During that time, there would be a stay on all tax and registration fee increases. This leaves staff in a position of planning for both if additional funding is received and if no additional funding is received. Lynde informed the committee that once more information is certain, a revised budget would be brought to the committee. Drennan asked Lynde to speak about the lack of additional capital funding. Lynde said that there was about $6 million left in capital funding and he would be bringing some recommendations to the Council about what to do with those funds including the development of a capital improvement plan. This plan would help demonstrate to the legislature what could be accomplished with more capital funding and where TIC should prioritize the remaining funds. Swanson and Lynde spoke to the committee about how staff are strategically managing position vacancies for cost savings while continuing to meet agency needs. Canty-Jones asked Lynde if there were any opportunities for the agency and its Council to speak to the public about what the agency would do with the additional $3 million if the bill moves to the voters. Lynde said that whenever the Council is speaking to others, the issue of operating and maintaining a transportation system, including rest areas, is more expensive every day, and that revenues have not kept up with that cost. This is the same challenge faced by ODOT, cities, and counties alike. Lynde said that the feedback he has received is that TIC is viewed as having a good reputation of managing the rest areas, and people recognize the need and value of them.

Finance Department Update: Roth informed the committee that the agency's annual agreed-upon procedures review was in process. Baker Tilly, formerly Moss Adams, finished field work in November. Roth said she expects the report to be issued in the next month or so and will go over it at the February meeting.

Review of Year End 2025 Financial Reports: Roth presented a summary of the FY 2024-25 year-end financial results. The change in the agency's net position showed positive retention of $2.9 million, which was $1.6 million more than budgeted. Interest income was $1.15 million greater than planned. Payroll and general administrative expenses were lower than planned. Roth said that other funds ended the fiscal year with a fund balance of $4.3 million, an increase of $248,000. This was driven by greater-than-planned interest income and lower-than-planned sign repairs and maintenance expenses and bank fees. Rest area operating funds ended the fiscal year with a $3.4 million fund balance. This was an increase of $217,000, primarily from interest income. This was the third year in a row that rest area operating expenses exceeded the annual $9.16 million received for rest area operations. As interest rates start to decrease and capital funds are spent, TIC will no longer be able to count on interest income to offset the gap between operational expenditures and the current funding of $9.16 million. During FY 2024-25, TIC received $3.3 million in capital funds and spent $3.6 million, ending the fiscal year with a fund balance of $7.3 million. Funds were spent on pavement at Sunset and Oak Grove, the Memaloose restroom expansion and pavement, the new restroom building at Peter Skene Ogden, and septic work at the Boardman, Cabin Creek, and Charles Reynolds rest areas. Drennan asked if both sides of the Memaloose rest area had opened to the public. Roth said that both sides had been opened at the beginning of October. Roth said that in FY 2024-25, TIC earned $1.184 million in interest income. In November 2024, TIC began investing funds in the Local Government Investment Pool (LGIP) and has been earning an average return of 4.71%. Interest rates were cut three times during the fiscal year, resulting in a decrease in the interest rates earned on investments. The LGIP started with a high of 4.99% and ended the fiscal year at 4.60%. The Summit Bank ICS accounts started the fiscal year at 4.53% and ended at 4.08%. The LGIP is currently at 4.4% and the Summit Bank ICS is 3.62%.

Drennan asked what the change in accrued compensated absences was. Roth said at the beginning of the fiscal year a new accounting standard went into effect that changed how compensated absences are calculated. Before the accrued compensated absence liability only included what the agency was liable for when an employee was terminated, which was primarily vacation leave. Now the liability includes all leave that is estimated to be used as a future benefit or paid out upon termination. In addition to vacation leave, sick leave and the special day of leave are now also included. Hamilton asked if since sick time is now a liability it would be paid out when someone left the agency. Roth said no. There are different percentages applied to different populations of employees based on the agency's current experience rates. Drennan asked why sign repairs and maintenance was under budget, but in the September reports it was catching back up. Roth said that on July 1, 2025, the capitalization threshold changed from $5,000 to $10,000. This change came after the budget was created using the $5,000 threshold, so this account will be off until the budget can be amended.

Review of September 2025 Financial Reports: Roth said that there was a continuation of previous trends we had been seeing in the September financial reports. There was higher interest income than planned of about $200,000 at the end of September, and lower than planned payroll and general administrative expenses. Roth said that even with the additional interest income, there was a deficit of $71,000. Drennan asked if the rest area administrative expense recapture had changed at all. Roth said that this has been a topic of discussion. Currently, the rest area administrative expense recapture amount is based on a percentage of the $9.16 million that is received for rest area operations. Because the $9.16 million has not increased, the rest area's administrative expense recapture amount has also not increased. Staff is gathering data and looking at developing an updated indirect cost allocation plan where the driver would be how much time administrative staff spends working on each program area. Lynde then spoke about the challenges facing the volunteers from Salemtowne that work on historical markers. After a long history with the agency, the volunteer group is seeing an increased age of the volunteers, and lack of leadership that has limited their ability to perform work. Lynde said that Beth Dehn has been doing quite a bit of work to find other possible options to complete the work.

Voting Items

Approval of Year End 2025 Financial Reports:

Drennan made a motion to recommend approval of the Year End 2025 Financial Reports and sending them to the Council for approval. Hamilton seconded. 3-0 Vote. Drennan- yes, Hamilton-yes, Canty-Jones- yes.

Annual Sign Fee Review and Council Recommendation: Cheyne reviewed the annual sign fee review process with the committee. The recommendation made today will go before the Council for approval at their December meeting. If the Council approves an increase, letters will be sent to all current sign customers for comment. Any comments collected will be presented at the March Council meeting, where the increase will go before Council for a final vote, with the increase going into effect July 1, 2026. ODOT traffic counts typically come out yearly in September but came out later than usual this year. Because the agency's accounting software, SAP, is in the process of being updated, Cheyne was unable to prepare what a 3% increase would look like across the program. Cheyne said that from her preliminary review of the most recent traffic counts she did not expect any significant changes. Cheyne will have full reports, including what a 1%, 2%, and 3% increase would be available by the December Council meeting. A 3% sign fee increase was included in the FY 2026-27 budget. Lynde asked Roth to explain why a 3% increase was built into the budget. Roth reviewed the budget with the committee, showing that even with the 3% sign fee included other funds is still projected to run a deficit. The committee discussed the effect of inflation on the program and its effect on the program's ability to complete capital projects and maintenance. Lynde said that staff is recommending a 3% increase to maintain current service levels, but this would also ultimately reduce our reserves. Lynde then said that the sign program is still focused on remaining revenue neutral. Drennan asked if the sign program being revenue neutral was a Council decision. Lynde said that remaining revenue neutral is not directed in statute but has been the Council's approach to managing the program over the years. Canty-Jones asked if the 3% increase is what will maintain neutrality. Cheyne said that 3% would not keep the program neutral but would reduce the almost $4 million in reserves to a more reasonable $2 million. This also takes into consideration the impact a larger increase would have on the customers.

Hamilton made a motion to recommend approval of sending a 3% sign fee increase notice to customers for comment to Council. Drennan seconded. 3-0 Vote. Drennan- yes, Hamilton- yes, Canty-Jones- yes.

Adjournment: The meeting adjourned at 12:03 p.m.

Next Meeting: February 25, 2026, at 11:00 a.m.