

**Central Oregon Intergovernmental Council
Budget Committee Meeting Minutes**

Date: May 7, 2020	Virtual Zoom Meeting	Prepared by: B. Taylor Reviewed by: T. Baney
<p>Budget Committee Members: Commissioner Wayne Fording, Jefferson County; Commissioner Jerry Brummer, Crook County; Councilor Bruce Abernethy, COIC CO-Chair; Councilor Bartt Brick, COIC Finance Chair; John Boylen; Joe Krenowicz, and Jamie Kendall and Councilor Greiner, City of La Pine COIC Staff: Tammy Baney, Executive Director, and Michelle Williams, Fiscal Services Manager.</p>		
Agenda	Discussion	Action Item
Welcome	Current COIC Budget Committee Chair, John Boylen called the meeting of the COIC Budget Committee to order at 2:00 pm.	
Approval of Minutes	<p>Chair Boylen informed the Committee that the first item of business was to approve the minutes from the previous Budget Committee meeting from June 3, and June 6, 2019. Chair Boylen asked the Committee if anyone had any comments regarding the minutes.</p> <p>Being no comments, he entertained a motion for approval. Commissioner Brummer moved to approve the minutes from last year's Budget Committee Meetings, Chair Boylen seconded; the motion carried.</p>	Motion: Commissioner Brummer moved to approve the minutes from last year Budget Committee Meetings, Chair Boylen seconded; the motion carried.
Election of Officers	<p>Chair Boylen asked the Committee to nominate a Chair for the 2020/2021 COIC Budget Committee. Joe Krenowicz nominated and made a motion to elect current Chair, John Boylen to serve as Chair of the COIC Budget Committee for 2020/2021, Commissioner Brummer seconded; the motion carried.</p> <p>Chair Boylen asked for a nomination to serve as Budget Committee Secretary. Commissioner Brummer nominated and made a motion to name COIC Executive Assistant Barbara Taylor to serve as the COIC Budget Committee Secretary, Chair Boylen seconded; the motion carried.</p>	<p>Motion: Joe Krenowicz made a motion to elect current chair, John Boylen to serve as Chair of the COIC Budget Committee for 2020/2021, Commissioner Brummer seconded; the motion carried.</p> <p>Motion: Commissioner Brummer made a motion to elect COIC Executive</p>

		Assistant Barbara Taylor to serve as the COIC Budget Committee Secretary, Chair Boylen seconded; the motion carried.
Supplemental Budget	<p>Ms. Baney informed the Committee that because of COVID-19, and these unprecedented times, they know less than what they hoped they would know at this time, however, she could not be more proud of Fiscal Services Manager, Michelle Williams and her team for pulling together the budget almost 5-weeks ahead of the previous schedule. She added that the budget will change in the future due to the uncertainty of State and Federal funds however, the budget was put together conservatively to weather upcoming changes.</p> <p>Ms. Baney introduced Fiscal Services Manager, Michelle Williams to the Committee.</p> <p>Ms. Williams informed the Committee she would begin by reviewing the proposed 2019/2020 supplemental budget. She reported that the beginning fund balance was updated by almost \$49K to match the actual audited fund balance effective June 30, 2019. Under grants/contracts with other agencies in the State of Oregon Department of Transportation, COIC saw an increase for \$337,500 due to additional 5311 funds received by ODOT for COVID-19 funding for rural communities served by transportation. Ms. Williams said there was a decrease of \$400K under county and local government because the \$800K received last year was a biennium grant with \$400K for each year. She noted the entire \$800K was inadvertently put on last year's budget thus the need for the correction. Ms. Williams said COIC received an additional \$462,500 from the Federal Transit Administration, US Department of Transportation, again for COVID-19 responses, however, this money would be for transportation services in the Bend area. She reiterated that the ODOT COVID-19 funds will be for rural areas and the federal funds will be for the Bend area. Ms. Williams said overall, total revenue increased by \$400K.</p> <p>Ms. Williams informed the Committee that overall COIC is on target regarding personnel services and is not expecting any changes thus no changes in personnel expenditures are being proposed.</p> <p>Ms. Williams said that with regards to materials and services, \$400K additional is being requested; \$100K for general supplies, and \$300 for contracting. Ms. Williams said the \$100K is expected to</p>	<p>Motion: Commissioner Brummer made a motion to recommend the 2020/2021 budget to COIC's Board of Directors, Committee member Jamie Kendellan seconded; the motion carried.</p> <p>Motion: Committee member Ms. Kendellan moved to recommend the supplemental budget as presented to the COIC Board of Directors, Commissioner Brummer seconded; the</p>

cover unplanned expenditures for supplies related to COVID-19 including the use of PPE supplies such as masks that we are requiring staff and the public who take transportation wear, in addition to extra cleaning supplies, and laptops for employees to work remotely. She added she does not think the organization will need the entire \$100K but wanted to be prepared. Ms. Williams reminded the Committee that COIC operated Cascades East Ride Center Medicaid Ride Brokerage for Pacific Source through March of 2020.

During July through December of 2019, they noticed the CERC department's contract expenditures were trending higher than budgeted, however never exceeding the budgeted amount but always more than they planned on being at during that stage in the budget year. To mitigate the risk, COIC capped all contracted ride rates from January through March 2020. Ms. Williams said the capped rates helped mitigate the trend however the expenditures were still a little high, therefore, this trend combined with the fact that PacificSource clients increased for our region, and more members were using the services resulted in COIC expanding the budgeted contracting expenditure line faster than expected. Ms. Williams added that while COIC in total has not overspent their total contracting budget for the year, they have been running slightly over the prorated budget amount by about \$300K therefore, she asked for an increase in the contracting line by \$300K to ensure COIC does not exceed the budgeted amount.

Ms. Williams reported that they are not asking for any additional money for capital outlay. She noted a lot of capital outlay may happen this fiscal year but there will be some pushed to next year. She reminded the Committee that revenue for capital outlay will follow thus if expenditures are pushed into next year, the revenue will follow.

Ms. Baney added that they are not asking for any additional money for debt services because they do not expect any changes.

Ms. Williams conveyed that COIC is expecting to receive an additional \$400K in revenue and she is asking for a budget appropriation to spend an additional \$400 in materials and services. As a reminder, actual revenue and expenditures may vary from the budgeted revenue and expenditures but this supplemental budget would allow COIC authorization to spend up to a certain amount on personnel services, materials and supplies, capital outlay, and debt services with regards to Board-approved business activities.

Ms. Williams reviewed with the Committee the loan funds for the supplemental budget. She added that due to COVID-19, there have been many changes. COIC has been working behind the scene with local agencies, counties, the economic development administration, and USDA with regards to loan funds specifically, and how to use these funds to help local businesses affected by COVID-19. She said that even though details have not been worked through, they wanted to bring something to the Budget Committee for approval so when the time is right and details have been finalized they will be ready to assist.

The first loan fund reviewed was the EDA fund. Ms. Williams reported that COIC is proposing a decrease in revenue of \$1,435 due to a projected decrease in loan repayment interest. She said to assist those who currently have EDA loans, COIC will allow them to not pay on their loan until July 2020, if requested by the loanee. This is to help out these loanees if they are experiencing difficulties with COVID-19. Ms. Williams noted the expenditures for charges for service are expected to increase by \$15K. She said the increase is due to staff spending more time setting up emergency loan programs as well as contracting expenses. Ms. Williams reported COIC is contracting with Community Lending Works to process loan applications, review, and draft up loan documents, and they are charging COIC 6% to do so. Finance Chair Bartt Brick explained that COIC has the opportunity to help the community through the loans and the increase in expenditures represents an increase in operational costs to implement the loans.

Ms. Williams noted that the fund balance sheet for EDA loans shows an expectation to receive more budgeted note receivable principal payments than originally budgeted. Originally, they planned to receive \$98K and now \$149 due to the number of loanees paying their note receivable balances faster than expected before the COVID-19 pandemic took effect. Ms. Williams said the biggest change is the \$375K budgeted for new note receivables due to the emergency loan opportunities. She added COIC is planning on being able to loan out more money than previously thought thus, the ask for an additional \$175K to put into the fund for emergency and recovery loan programs.

The Intermediary Relending Program loan fund was reviewed. Ms. Williams said they do not expect any changes to the revenue for this loan fund, however changes to expenses are expected. She said COIC is proposing an overall increase in expenditures of \$22,811, of this amount \$2,811 is due to interest on long term debt, and \$20K is for charges for service due to increased staff time setting up the COVI-19 loan program and charges for contracted services COIC may incur to set up

and work with our partners. She informed the Committee that COIC owes \$900K for long term debt for this loan fund that is paid annually and charges for service are expected to increase. She added that the increase is a bit unknown however she did not want to go over budget and the budget increase gives the organization a little wiggle room. Ms. Williams conveyed that they originally budgeted for new note receivables at \$200K but increased it to \$500K. She said all of this amount if approved by USDA to do so, would go to upfront funding of PPP loans, which would be guaranteed by the federal PPP program. Ms. Williams added that COIC is also expecting to receive less principal payments than originally projected due to COVID-19.

Chair Boylin inquired if COIC makes the loans for the PPP program. Ms. Williams said no, COIC would give the cash to Evergreen Business Capital, a PPP lender, because they need the cash upfront. She said if there is a second round of PPP they wanted to have the money available to fund the programs. Finance Chair Bartt Brick added that COIC is the funding source and Evergreen Business Capital is the processor. Ms. Williams said if we give out the principal for Evergreen to make the loan, they will, in turn, split the fees or interest with COIC so we receive some amount of capital back, besides \$500K for being part of the program. Ms. Baney added that Evergreen knows COIC needs to keep fees and costs as low as possible with the goal of receiving \$500K. She added if there is extra that would be great but if not they would just like to be able to get the dollars into the community to help right away.

The Local Job Creation Loan fund was reviewed with the Committee. Ms. Williams informed the Committee that it has been years since they have had any activity in the fund. She added that COIC partnered with Oregon Community Foundation, Jefferson County and Deschutes County to provide funding to assist local businesses with emergency and recovery loans. Money was put into the Local Job Creation fund because it is the least restricted therefore if they receive any additional non-federal funding income, it would need to go into this loan fund.

Ms. Williams reported that COIC is expecting \$325K more revenue than originally planned. She said charges for services are expected to increase by \$22K due to extra staff time setting up the loan program as well as funding Community Lending Works to process applications and loan documents.

Ms. Baney asked the Committee if they needed any additional information before making a recommendation to the Board for approval of the supplementary budget. The Committee's

	<p>consensus was they felt the documents were detailed enough to make a recommendation.</p>	
<p>2020-2021 Budget</p>	<p>Ms. Williams reported that this year’s budget has been the most difficult to put together due to the COVID-19 pandemic. She said the pandemic has changed and affected every one of COIC’s programs in some way and this budget is COIC’s best guess, and high-level view, of what this next fiscal year will look like. She added that a curveball may be thrown, but if so, the Board and Budget Committee should expect to see a supplemental budget for 20/21 sooner rather than later. Chair Boylen added that from what they have witnessed with the disruption in the economy an early supplemental budget would be a reasonable caveat; he would not expect anything less.</p> <p>Ms. Williams informed the Committee that the COIC departments will continue to closely monitor their programs not only programmatically, but also fiscally and will make sure to operate our business units not only in a fiscally responsible way to limit risk to the organization but also keep the Board up to date on any significant variances or changes that may be needed or coming to a program as we work through the fiscal year.</p> <p>Ms. Williams asked the Committee if anyone had questions regarding the 20-21 budget summary or budget message. Being no questions, Ms. Williams reviewed with the Committee Budget Assumptions and Trends. She reported that the Employment and Training department is expected to grow for 20/21 with the acquisition of the Oregon Youth Challenge Program (OYCP) contract that occurred mid 19/20. She reminded the Committee that COIC became the contracted entity to provide the teaching staff for the OYC program. She conveyed the OYCP contract has allowed COIC to expand our partnership with Bend La Pine School District, create a new relationship with the OYCP program and allow COIC to continue to serve the at-risk youth populations.</p> <p>Ms. Williams reported the Community Economic Development and Loans department is approximately the same as last year, however, the CED department is looking to add one new staff this next year.</p> <p>Ms. Williams said Cascades East Transit is looking to add approximately 9 full-time employees to its budget for 20/21 due to the implementation of the expanded transportation services set to take place this fiscal year with the new State Wide Transportation Improvement Funding, or Transit Tax. Ms. Williams added that COIC is un-sure how much public transit will change with the</p>	

COVID-19 guidelines however they expect to continue to operate and expand services as previously planned. She said if there are changes it might be a big change to the supplemental budget.

Ms. Williams conveyed that COIC is proposing a 2% Merit and COLA for both union and non-union staff. She added that per the collective bargaining unit, union staff is contractually required to receive a 2% Merit and COLA. Ms. Williams said they expect health insurance and PERS rates to stay the same.

Ms. Williams reported that COIC is expecting \$19.3 Million in revenues for 20/21, a decrease of 12% overall in revenues when compared to the previous year's budget. She noted the main reason for the change is due to the sunseting of the Cascades East Ride Center (CERC). She added that overall, revenue sources are comparable with the prior year except for increased funding expected to be received from Oregon Department of Transportation and US Department of Transportation, both regarding 5311 and 5307 specific funding respectfully to be received due to the COVID-19 pandemic as well as the decrease in budgeted revenue from PacificSource due to the sunseting of the CERC program.

Commissioner Brummer inquired as to why projected revenue from Jefferson and Crook County was down almost 50%. Ms. Williams said it could be from STIF revenue where capital items expended for counties were in 19/20. Finance Chair, Bartt Brick added that the numbers from last year appeared to be abnormally high.

Ms. Williams informed the Committee that PacificSource revenue went from \$5 Million to \$120K. She said the \$120K budgeted consists of revenue received years ago and carried forward to use for capital match. She said the bus fares also projected a decrease from \$679K to zero. Ms. Williams reminded the Committee that COIC is fareless for public rides due to COVID-19. She said COIC is working with ODOT and FTA to see how to make up that funding specifically, what is allowed under the CARES Act. Finance Chair, Bartt Brick added that with the organization not accepting cash and going fareless, he believes the budget to be appropriately conservative with expecting zero dollars in fares for this year. Ms. Baney added that it made the most sense to go fareless to ensure the wellness of COIC's employees as well as in keeping with the practices of other transit agencies that also implemented fareless rides.

Finance Chair, Bartt Brick suggested a capital request for debit card readers. Ms. Baney noted that it could provide challenges to those without access to a bank account or means to get a card however they will continue to track closely other providers.

Ms. Williams said COIC is expecting personnel services to increase by \$624K or 7% when compared to the previous year's budget, and expecting total personnel to increase by 4 full-time employees overall or 3%. Ms. Williams said the 7% increase in personnel is comprised of the 2% Merit increase and a 3% increase in staff.

Total Materials and Supplies were reviewed. Ms. Williams said Materials and Supplies are expected to decrease by over \$4 Million due to the sunseting of the CERC program and the drastic decrease in subcontracted costs for transportation services.

Ms. Williams noted that Capital Outlay is expected to increase, most likely due to the carryover of items not purchased in 2019/2020 that will end up being purchased in 2020/2021. She reiterated that revenue follows when purchases occur and currently procurements are outstanding for purchases of buses, software, and other equipment for transportation. Because the purchases could occur in 19/20 or 20/21, they want to be able to recognize revenue and expenses. Ms. Baney added that COIC held off for almost 8-weeks on vehicle purchases once COVID happened not wanting to make a purchase and not be able to use said purchase. She added that they are slowly moving forward with procurement now that the dust has somewhat settled.

Ms. Williams reported that debt services remain consistent and overall COIC is proposing a balanced budget of 23.2 Million dollars for 2020/2021.

Committee member John Boylen inquired since the retirement of COIC's Loan department personnel and the spun down of the 504 SBA program, is COIC seeing any changes figured into the loan programs? Ms. Williams said the special loan funds are their own special funds and not part of the general fund. She noted the loan programs, in general, were on coast this year until COVID happened, then the Community and Economic Development Manager, Scott Aycock started getting involved in communication with EDA, USDA, and other loan agencies in the area on what can we do. She added that COIC is continuing to learn about the loan program needs for our local region, and also has received help from the former Loan Manager, Jim MacKinnon who has been on standby and has helped answer a lot of questions for the organization. Ms. Williams

added that she does not know what the programs will look like for COIC in the future but if we continue with the Emergency and Recovery Loans, COIC will not be sitting on a lot of cash. She added that a conversation with the Board still needs to occur regarding if the organization should hire staff to run the program or if COIC should partner or contract with someone. Ms. Baney added that she plans to reconvene the Loan Committee again to determine the next steps.

The EDA Loan Fund budget was reviewed. Ms. Williams said the budget is expected to be similar to last year's budget regarding revenue, however, expenses are expected to increase slightly due to the COVID-19 Emergency and Recovery Loan program COIC is currently working on setting up. Ms. Williams said that while building this budget, COIC was unsure which year some of the new loans would take place in, therefore, when funds remained available in the loan fund to loan, they estimated using them for budgeting purposes for the Emergency and Recovery Loan fund. COIC has budgeted for the potential of using \$500K for this purpose in 20/21. Ms. Williams conveyed that they had \$600K left in cash at the end of 19/20 and put in a reasonable amount to loan if needed in the 20/21 budget that way COIC wouldn't have to go come back to the Budget Committee and Board after the budget adoption for a supplemental budget. That is why the increase in new note receivables from \$200-\$500K.

The IRP Loan Fund budget was reviewed. Ms. Williams said the IRP Loan fund budgeted revenues and expenditures are projected to be similar to last year, along with budgeted changes in assets and liabilities on the balance sheet as long as COIC can receive approval from USDA to use this source of funding to help fund the PPP loans in partnership with Evergreen Business Capital. She added that if for some reason COIC does not receive approval and the program does not come to fruition, then COIC could expect to have a higher cash balance than projected.

The Local Job Creation fund was reviewed with the Committee. Ms. Williams said the LJC fund is expected to be similar in revenues and expenditures when compared to the previous year's budget except for the possibility of \$75K in new note receivables being issues. She added that of all the COIC loan funds, the LJC is the least restricted and may be helpful in the COVID-19 Emergency and Recovery Loan program.

Ms. Williams informed the Committee that with regards to the building reserves, COIC pays rent on the three buildings COIC owns. She added that COIC pays rent for those buildings keeping the rent payments in a reserve for building improvements or to pay off long-term debt. She added that

there are some debts on a few buildings but overall all three locations are pretty consistent.

Ms. Williams asked if anyone had questions regarding individual departments budgeted revenues and expenditures. Ms. Baney added that the education program at COIC is in flux and may look different in the future. She added that they are tracking closely with the school district because the anticipated amount of funds for the student success act has been drastically reduced, with districts in general expecting to experience significant budget deficits. She added that it is unsure what this means for COIC's program but they are working closely with the school districts.

Ms. Williams informed the Committee that in their packet, there is a more detailed report for capital outlay and what the organization plans on purchasing as well as the funding sources. She added that the report includes some shop equipment, transit assist management software, buses, bus stops, and shelters, renovations to the Hawthorne Station Modal center, and general IT equipment for administration. Chair Boylen asked how many shelters the organization is looking to add. Ms. Williams said Senior Transit Planner, Andrea Breaut was working with the City of Bend and outlying areas to figure out the right of ways and easements to get traction for shelters and benches. Ms. Baney said Ms. Breault informed her they will be adding 15 locations in most frequented areas as well as working on rural stop improvements in about 10 locations. She added that they hope to have the project completed at the end of summer.

Ms. Williams spoke of COIC's fund balance and cash flow needs for the organization. She said transportation is the department with the heaviest cash flow needs. She said if they purchase a bus, they need to pay for the bus upfront and then get reimbursed; similar to their paying monthly invoices but being reimbursed quarterly. Ms. Williams said they look at cash flow cycles to ensure COIC can pay for items. Ms. Williams went over the important of having reserve balances for COIC to have appropriate cash flow to operate sustainably without needing to rely on debt.

Finance Chair Bartt Brick, added that a budget for him does two things; first, it quantifies an organization's strategies, goals, and tactic; a road map where the organization is going and where it was as well as sets up financial limits to mitigate risks. He reported he meets weekly with Ms. Williams to review financials and feels this budget presented today meets both of the requirements he feels are important. He added that because of the uncertainty of the times, he would suspect a supplemental budget coming soon. He reiterated that he is confident this budget represents COIC's strategies and goals and has appropriate limits to mitigate risks.

	<p>Councilor Abernethy added that the work Finance Chair, Councilor Brick has done. He added that COIC is incredibly fortunate to have someone with his expertise and time to add value to the budget process with Ms. Williams and her team. He said on behalf of the Board, he wanted to thank Finance Chair, Mr. Brick for his time.</p> <p>Ms. Baney asked the Committee if they had any questions or if they needed any additional information. Chair Boylen entertained a motion to recommend the proposed budget to the Board. Commissioner Brummer made a motion to recommend the 2020/2021 budget to COIC's Board of Directors, Committee member Jamie Kendellan seconded; the motion carried.</p> <p>Chair Boylen entertained a motion to recommend the supplemental budget as presented to the COIC Board. Committee member Ms. Kendellan moved to recommend the supplemental budget as presented to the COIC Board of Directors, Commissioner Brummer seconded; the motion carried.</p> <p>Ms. Williams thank everyone for their time and commitment to the organization.</p>	
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There being no further business the meeting was adjourned at 3:16 pm.