



**SUNSET EMPIRE TRANSPORTATION DISTRICT**

900 Marine Drive Astoria, OR 97103

**BOARD OF COMMISSIONERS**

**MEETING MINUTES**

**January 24, 2013**

1. CALL TO ORDER – Chair Lewicki called the meeting to order at 9:00 AM.

2. ROLL CALL-

Present: Chair Paul Lewicki, Commissioner Rae Goforth, Commissioner Julie Gassner, Commissioner Carol Gearin and Commissioner Victor Kee

Absent: Commissioner Marcia Fenske

Staff Present: Jay Flint, Executive Director, Mary Parker, Executive Assistant, Lori Karl, Human Resources, Lis Pietila, Mobility Management, Scott Earls Operations, John Layton IT, Julia Takko, Accounting

3. CHANGES TO AGENDA-

4. APPROVAL OF NOVEMBER MINUTES-

**Commissioner Gearin moved to approve the November 2013 Board minutes.**

**Commissioner Gassner seconded the motion.**

**Discussion- None**

**Motion passed by unanimous aye vote.**

5. REPORTS FROM CHAIR AND COMMISSIONER

Chair Lewicki- Reported that it was nice to have the Transit Center open on weekends. He was able to come in on last Sunday and pick up his Board Pack.

Commissioner Goforth- Reported that the Senior and Disabled Transportation Committee held a public meeting to evaluate the 5310 Grant applications. Applicants could attend and were able to discuss and answer questions about their use of the requested funding. She said that there was a great deal of discussion and then the The Committee did vote to approve recommending \$8020 for the Senior Center, \$15,000 for CRS for a van and \$201,728 for SETD for preventative maintenance and Mobility. Rae said that now these recommendations will be presented to the Board for their approval..

Rae also reported that she and Jay had attended the NorthWest Ride Center Advisory Board meeting in Tillamook. She said it was a good meeting and enjoyed the tour of Tillamook Transit and the bus wash building.

Commissioner Gassner- Reported that she was unable to attend the NWACT meeting in December.

Commissioner Gearin- No Report at this time.

Commissioner Kee: No Report at this time

## 6. FINANCIAL REPORTS-

Approval of Bills Paid- Commissioner Gearin asked for clarification on the charges for the Great Wall Restaurant. Jay explained that the charges for the SETD employee Holiday Party. Commissioner Gearin asked if the \$500 in donations spent since July were up to date and accurate. Jay said that there were still other donations that needed to be added. Jay said that not all of the donated services have been added yet and that he would talk with Gretchen making the updates.

**Commissioner Goforth motioned to accept the Financial Report as presented**

**Commissioner Gassner seconded the motion**

**Discussion- None**

**Motion passed by unanimous aye vote**

## 7. AUDIT REPORT for period ending June 30, 2012- Boldt, Carlisle and Smith LLC

Jay introduced Brad Bingenheimer from Boldt Carlisle and Smith LLC. Brad reported that this Audit report does say that in their opinion the financial statements do present fairly the financial position of the operation of the District for the period to June 30, 2012. Brad reported that the District has some challenges to overcome in the next year or so. The District ended the year with \$5,600,00 in total assets and \$2,500,000 in total liabilities which leaves \$3,100,000 in net assets and of those net assets about \$3, 000,000 is the capital assets of the district less the long term debt. You actually have a deficit of unrestricted net assets of \$1,400,000 which he said the District will have to be addressing for the next few years.

Brad explained that the total expenses of the District last year were \$2,800,000 the total program revenues were \$2, 500,000 which left \$250,000 in net expenses to be off-set with general revenues which is primarily property taxes. General revenues were \$660,000 dollars which was a change in net assets of \$400,000. Net assets last year were \$3,800,00, but then due to the results of the State Department of Human Services Audit of the NWRC, the assets had to be adjusted for the results of their findings in the amount of \$1,400,000. Brad said that would have had positive development in net assets had in not been for the findings of the DHS Audit which is a good sign. It shows that you are controlling costs and doing everything you can to maintain your revenue stream, so overtime the deficits position that you are in can be corrected. Brad said that looking at the two funds the NWRC is in a positive position of \$1,400,000; however the general fund is in a deficit. Chair Lewicki asked how that position is impacted by the repayment plan that is in place right now. Brad said the \$115,000 would go against those general revenues, so that is what created a large part of the deficit to go into unrestricted net assets. Brad referred to the top of page 21 of the Audit saying you will see the future

maturities of your entire long term obligations including the \$115,000 for DHS. He said you will see that you have obligation there in terms of principle and interest payments of long term debt in the current fiscal year of about \$825,000 and \$388,000 of that is to the DHS. Executive Director Jay Flint said that a large portion of this was paid down in the initial down payment to DHS from the NWRC fund so only \$100,000 will need to come out of the budget. Jay also clarified that the \$100,000 line of credit loan was refinanced and consolidated with 2 other loans. Brad said this consolidation is discussed on page 14 Section A and on page 14 Section B and the results of the DHS audit and how the \$1,115,000 owed to DHS was arrived at and we have noted that there is \$450,000 that DHS is currently not looking to recover from the District based on the District meeting all requirements of the Corrective Action Plan.

Brad said there are still some challenges for the District, but he hopes that all the past issues have come to resolution and we can begin to move forward.

Brad pointed out that In addition to the audit, they also issue several other reports based upon the State of Oregon and as required by law. He said they noted that there was some non compliance primarily related to the Budgetary process. There were over expenditures of appropriation categories and that does happen however the way to avoid that is to have a contingency and throughout the year to transfer from the contingency into appropriations categories. You can also go through the process of adopting a supplemental budget. Brad said looking at the budget for 2012-2013 because of these items that we have talked about the beginning fund balance carried forward wasn't accurate in the budget. We bring this to your attention because just because you have it in the budget that doesn't mean that it is the economic reality of it. Brad said in the general fund you had a beginning balance of \$400,000 dollars when actually the general fund had a deficit of \$316,000. Brad said that they also issue a report under the requirements of government auditing standards under the comptroller of the United States; this report contains two reports on internal control and compliance. They noted a number of entries where accounting transactions and revenues were not recorded in the correct accounting period. This had to be corrected. Brad also said that the NWRC and the SETD funds were out of balance by the same amount. We had to figure out what was where inappropriately as each fund is supposed to have its own self balancing set of books. Brad also said the allocations of funds had not been corrected from last year. Also there is no system for journal entries being handled appropriately. He said what they want to see is one person should prepare the journal entries and another person should look it and make sure it is an appropriate journal entry.

Brad said that they looked at the 5311 Grant as a single audit and they found that there were not adequate controls in place to make sure only those costs under Federal law were charged to the grant.

Brad said the good news is that there were improvements and corrections in several of the previous deficiencies and controls that have been put in place they will not break down in time. He also said that this has been a tough few years for the District but he does see improvement in a lot of areas however there are still things that need to be fixed.

Jay said he thought this is a fair assessment of where we are at and we know we have a lot of debt that we still need to take care of. He said that we still have financial controls that need to be put into place and that Gretchen was not hired until half way through this audit year but continue to correct problems along the way so this budget year will be better than last years. This is a work in progress and it will take a few years to get

there. Jay said he had talked to Shadron about bringing in someone who can do a complete analysis of our accounting system and have them help us build our own custom built financial policy.

Chair Lewickie said he was encouraged; that it seems like we have restored structural integrity of the operation and now it is just a matter of us getting back on the repayment of debt. . Chair Lewicki also said that he knows the internal controls are critical because without them you cannot have compliance.

Commissioner Gassner said that our strategic plan supports this as well. We definitely understand that we have work ahead of us and we are on the right path. Chair Lewicki agreed saying that we have a Strategic Plan and we are developing policies that have not been developed before so again I am encouraged.

Commissioner Gearin asked Brad if Boldt Smith and Carlisle offered classes on how to read a budget. Brad said they did not but he said the state offers training and has booklets available that are quite good. Jay said that he had just received notification that there is going to be an all day training given by the state in Tillamook in February. Jay said he will make sure that the board receives this information and that he plans on attending. The Board thanked Brad for driving up from Salem to present the Audit Report.

## 8. OLD BUSINESS-

### a. **Strategic Prioritization Plan**

Executive Director Flint said as he noted in the beginning of this draft that this is not what you would consider a complete Strategic Plan. He said a Strategic Plan would probably require bringing in a consultant that would present what others transit providers are doing around the country and assist us in bringing some of those ideas to the District. Jay said what the Board did was a more internal and localized. This is a prioritized plan of what we need to achieve in the next few years so he renamed this Strategic Prioritization Plan. Commissioner Gassner said she appreciated Jay bringing this back in this clear and concise format and that this is a good reflection of the work. Jay commented that the staff involvement with this process had been very helpful. Jay said he would bring the plan back to the Board on a quarterly basis to keep track of progress. Jay also said that he would be updating the Audit Deficiency report for the next meeting.

**Commissioner Gassner moved to approve the Strategic Prioritization Plan**

**Commissioner Goforth seconded the motion**

**No discussion**

**Motion passed by unanimous aye vote**

### b. Board Member Appointment Committee-

Commissioner Gassner reported that as discussed at the November Board meeting the Board had concerns how the process came with about with one of the commissioners vacating and thought we needed to have a more tightened process and more transparent process so therefore the committee of Commissioner Gearin and Commissioner Kee met twice, on December 4<sup>th</sup> and December 12<sup>th</sup> to review the current happenings and to review what we would like to have in place for the future. Out of that work what we have in front of you is a more standardized process that we believe is fair and transparent for all. Commissioner Gassner read the policy to the Board and reviewed the application and the screening tool.

Commissioner Gassner said that the committee recommends that the board adopt the policy and process which states that a board vacancy will not be filled if election is within 6 months but will fill the position if election is over 6 months away. Commissioner Gassner said that in regards to our current vacancy, the Committee believes that the Board had received 2 applications by the deadline. If the desire is to consider these candidates then they should go through this process and the committee would have a recommendation to the Board at the February board meeting. Chair Lewicki said what he thought was missing from the policy is what would be done if there were less than 6 months until election but more than one board member resigns and the Board might not have a quorum, Commissioner Gassner said she would add that there would be an appointment made to the board if there were more than 2 board vacancies to maintain quorum.

**Commissioner Goforth moved to approve the Interim Board Vacancy Replacement Policy with the addition of the process to assure board quorum.**

**Commissioner Gearin seconded the motion**

**Discussion**

**Motion passed by unanimous aye vote**

- c. **Ordinance 2013-01- Second Reading-** Chair Lewicki read the ordinance allowing the sale of \$3 and \$7 Connector passes to be sold by SETD staff.

Chair Lewicki opened the public comment for Ordinance 2013-01

Chair Lewicki closed public comment for Ordinance 2013-01

**Resolution 2013-01**

Chair Lewicki read Board Resolution 2013-011 which is the Board approval of Ordinance 20113-01.

Name	Yea	Nea
Chair Lewicki	X	
Commissioner Goforth	X	
Commissioner Gearin	X	
Commissioner Kee	X	
Commissioner Gassner	X	

**9. CORROSPONDENCE-**

- a. Thank you Christmas Basket Program
- b. SDAO Grant award for Safety Equipment
- c. Seaside Chamber Thank You for Trolley
- d. OTAK Thank you- Account paid in full

10. NEW BUSINESS-

a. 5310 Grant Recommendation Approval

Jay reviewed the 5310 application process and requirements. He said that Commissioner Goforth had given a very good overview earlier in the meeting of the application process and recommendations from the Senior and Disabled Transportation Advisory Committee. Executive Director Flint said that there were two applicants besides SETD: Astoria Senior Center, Sunset Empire Transportation and Clatsop County Developmental Training Center Association. The Senior Center asked for \$4016 to develop a shopper bus twice a week. Clatsop County Developmental Training Center Association asked for \$15,000 for a new van. Sunset Empire has asked for funding for Mobility and Preventative Maintenance totaling \$181,011.

**Commissioner Gassner moved to approve the 5310 Grant recommendations**

**Commissioner Gearin seconded the motion**

**Discussion- None**

**Motion passed by unanimous aye vote.**

b. NWRC Debit Card Service Agreement- US Bank

Jay explained the purpose of setting up debit cards for providers for the NWRC. The debit cards will allow providers to buy gas wherever they want instead of at few designated stations. DMAP is really pushing hard for the brokerages to put this program into place. Jay said there has been a pilot program that they have visited and a lot of work has been put into this already. Jay said he had SETD legal counsel Jeanyse Snow look at the contract. The only recommendation was a clause on page 5 section 10.6 which says the agreement shall be governed by the laws of the state of Minnesota. Jeanyse said she would prefer that it said state of Oregon. Jay checked into changing this in the contract but it was not possible. Commissioner Gassner asked what the dollar amount would be per person. Jay said this will fluctuate depending on their usage. Julie asked about what the parameters of the use of the card are. Jay said that they can use this card to purchase anything they want but Julie asked if we approve this today then will we see policy and guidelines at the next meeting? Jay said that yes they did not want to put a lot of work in the process and driver information until it was approved.

**Commissioner Goforth moved to approve the US Bank prepaid debit card contract with the NWRC**

**Commissioner Kee seconded the motion**

**Discussion- none**

**Motion passed by unanimous aye vote**

11. EXECUTIVE DIRECTOR'S REPORT

a. Management Report – See report

- i. CC Rider- CC Rider will be reducing their service routes and they may cut the route to Westport so we may have to start going into Clatskanie. Jay said that we have enough funding to cover this route extension.
- ii. Jay reported on the request from the Spexarth building owner for tenant parking in our parking lot. It seems that 15 parking spaces remain in ownership by the Spexarth owner. Jay requested and received a copy of the original sales contract and the right to these spaces clearly remains with the owner of the Spexarth building. So far they have only asked for the use of 5 spaces. They will still have to pay the \$45 a month rent so SETD will not lose this income.
- iii.

12. OTHER ITEMS-

13. PUBLIC COMMENT-

- a. Kevin commented that when he applied for the interim board position he applied under an existing policy. He said he feels like he has been stabbed in the back. Kevin said he had been at the last 21 meetings. He also said that SETD math was wrong because Ron Brines term ended June 30, The application filing date of November 12<sup>th</sup> is 6 months away from the election date. So as you can see the language in there is ambiguous. You are retroactively changing rules and that not fair. Either one of us would have been happy to be appointed. I was recruited by 28 people. None of them were board members. I am qualified. I have sat on State Boards. I am over qualified. This is ridiculous, that you are changing rules.
- b. Kathy said she is going to echo Kevins sentiment. I applaud you for taking a policy that is inadequate and trying to make it adequate. However you posted a position opening in a public newspaper with a procedure listed in your October management report and now you are retroactively changing your mind and deciding not to follow this procedure. We had a reasonable expectation that some decision any decision was going to be made imminent and not put off to the elective. I think that it is dereliction of duty to subsequently change your mind and institute policy and make it retroactive for a board position that was publically listed and with a procedure attached to it. I encourage you to make reinvestigate your procedure for this. Your procedure actually did make your process self evident and clear. If there were 1, 2 or 3 applications you are going to follow one procedure but if there were more applicants you were going to do something else. Neither of those things has happened. It behooves you to make a decision, any decision.
- c.

**Commissioner Goforth moved to adjourn the meeting**

**Commissioner Gearin seconded the motion**

**Motioned passed by unanimous aye vote**

Next Meeting- February 28, 2013

Mary Parker, Recording Secretary

Date \_\_\_\_\_

Commissioner Rae Goforth  
SETD Board Secretary/Treasurer

**MISSION STATEMENT**

***Provide safe, reliable, relevant and sustainable transportation services to Clatsop County  
with professionalism, integrity and courtesy.***