



**SUNSET EMPIRE TRANSPORTATION DISTRICT
DRAFT BUDGET COMMITTEE MEETING MINUTES
MAY 16, 2020
9:00 AM**

1. CALL TO ORDER- Chair Debbie Boothe-Schmidt called the Zoom virtual meeting to order at 9:04 AM.

ROLL CALL:

Budget Committee- Debbie Boothe-Schmidt, Tracy MacDonald, Tamara Taylor, Pamela Alegria, Charles Withers, Tita Montero, Christine Lolich, Jeff Frane, MaryAnn Brandon, and John Lansing. Diana Nino joined the meeting at 10:35 am. Kevin Widener, Melinda Ward and Larry Taylor excused.

Staff Present- Executive Director Jeff Hazen, Finance Officer Tracy Lofstrom, Operations Paul Lewicki, Transportation Options Specialist Kathy Kleczek, Executive Assistant Mary Parker

2. ELECTION OF 2020-2021 BUDGET COMMITTEE OFFICERS-

BUDGET COMMITTEE CHAIR

Commissioner Alegria nominated Tita Montero for Budget Committee Chair

John Lansing seconded the nomination

Tita accepted the nomination

BUDGET COMMITTEE SECRETARY

Board Chair Debbie Boothe-Schmidt nominated Mary Ann Brandon as Budget Committee Secretary

Mary Anne accepted the nomination

3. APPROVAL OF MAY 15, 2019 BUDGET MEETING MINUTES

Commissioner Alegria stated that it is difficult to approve Budget minutes from a year ago and requested that the Budget Committee meet to approve the minutes from this meeting within a couple weeks. Executive Director Hazen said a meeting for that purpose would not be allowed under Oregon budget law. Hazen said that the minutes from this meeting would be completed and sent out within a couple of weeks. Mary Parker added that the Budget minutes being approved today were completed and included in the Budget Hearing meeting pack in June 2019. Commissioner Alegria stated that she had 2 corrections; contractor was misspelled on page 4 and building misspelled on page 5.

Commissioner Alegria moved to approve the May 15, 2019 Budget Committee Meeting Minutes as amended.

Jeff Frane seconded the motion

Motion passed unanimously

4. BUDGET OFFICER PRESENTATION- Budget Officer Jeff Hazen reviewed the Budget Message presented for fiscal year 2020-2021. Hazen updated the committee on what SETD is currently doing to protect riders and staff during the Covid 19 pandemic including the hiring of 14 Sani-techs that began working on March 19th. The Sani-techs are riding on each bus route all day and routinely disinfecting touch points and assisting with the required 6-foot rider/driver distancing. Hazen said he knows of no other transit service in the country that has gone to this extent. The decision to hire the Sani-techs was based on keeping buses as safe as possible and to employ some of the local service workers that had lost their jobs. Ridership had gone down 30% to 60% for the first month but it is up a this week. In February the District had rolled out some of our planned Service Improvements with several new routes and ridership had greatly increased until the Covid 19 effects hit. The District has kept all routes going. The Seaside Transit Office and Astoria Transit Center were closed to protect staff and because the Board

approved going fare free for April and May so there was no need to sell tickets at either location. Customer Service Representatives were put on administrative leave, which will be paid for by the CARES Act. The CARES Act is paying for the Sani-techs, sanitation supplies, hourly employees that are still working and are receiving an extra \$2 an hour and will be repaying the District for all lost fare revenue. Hazen reported that the new guidelines that just came out from the Oregon Health Authority reducing spacing from 6 feet to 3 feet but all riders are required to have some type of face coverings to ride the bus which we can provide. Tita Montero asked what is the plan if someone does not have a mask is given a mask but refuses to wear the mask. Hazen said they can refuse to wear a mask and indicate they have a condition which causes their inability to wear a mask. If they do not have a medical condition and refuse to wear a mask they will not be allowed to ride the bus. Hazen said there is a tremendous amount of money out there for transit services and can apply for 3 more times, so we are processing what we want to ask for. We are currently using this money for Operations instead of 5311 funds because reimbursement of 5311 is at 50% and the CARES Act is at 100%. This has helped with our ending fund balance.

General Fund- Hazen reported that the budget for next year is balanced. There has been a large increase in fund transfers most from the STIF funds for services we have expanded this year and what we plan for next year. There is also a large increase to the 5399 Bus and Bus Facilities grant. The District is purchasing 8 new buses with 3 arriving next week. Timber revenue has dramatically decreased and revenues for this year have not come in as projected. Jeff Frane asked if Hazen knew what the production time would be for the buses. Hazen said production is beginning to ramp up so about 9 to 11 months.

Personel Costs- Represented employees are receiving a step increase of 2% on July 1st so we have matched that for the non represented employees as well. Medical benefit costs are increasing this year by 15%. We are obligated to pay full time employee's premiums for represented employees and will mirror that with all other employees. This means that we will be going from a \$950 a month premium subsidy to \$1060 and only covers the employee. This will increase the amount an employee will have to pay for their spouse and family. We are keeping the same plan, but employees will see an increase in their deductible go from \$3,500 to \$5,000.

In Materials and Services- We have budgeted \$135,000 in Computer Information Technology Services. This line item covers the costs of our IT monitoring contractor along with the cost of the various software programs we use including the new accounting program that will be going live in July.

The Small Equipment/tools line has gone down by \$14,000 because we purchased several more computers this year due to Windows 7 no longer being supported by Microsoft which increased vulnerability to our system. There were also 5 new lap tops purchased to allow staff to work from home.

Fuel costs continue to decrease dramatically. Current prices are at a level that haven't been seen in years.

Professional Services remains at \$54,000 because we are just now kicking off our update to our Coordinated Human Services Transportation Plan.

Telecommunications has been increased for the Wi-Fi project on buses which Hazen said is being worked on and will roll out this year.

The Capital Outlay line provides funding for 8 buses. We also have included funds to purchase new bus shelters and signage. The \$5339 Grants cover the majority of the cost of four of the buses and STIF provides the matching funds for these grants.

The E-Fare system also is funded by the STIF Discretionary grant with local match coming from the Capital Reserve. We have kept a new HVAC system in this budget since we will not be purchasing one this year but most likely will next year.

We are continuing with the design and construction of a Mobility Lab that will be used for travel training and evaluation of Paratransit applicants.

Hazen said one of the most exciting things that happened this year was when we paid off the last of our debt. Hazen said a framed copy of the final check to US Bank is in his office. This was a huge milestone and put a lid on the negative past that we had for the last 10 years. We celebrated at a Board meeting and now have that behind us so now we can go forward 100%.

The STF fund will continue to fund part of the Route 15 and Route 101B. This will likely be the last year of STF. There are plans to consolidate the STF fund with the STIF fund as directed by the Legislature.

The STIF Formula Fund will be funding Service Improvements that began this year and other improvement slated for next year. As mentioned this is the fund that will be paying for the update to our Coordinated Human Service Transportation Plan.

The STIF Statewide Discretionary Transit Network Program Fund will provide funding to continue to operate the Lower Columbia Connector Route from Astoria to Portland. We will be providing this service the entire length of the route, three times a day. We will also be purchasing a new electronic fare system with these funds. Hazen said we are seeing ridership increase and now have a contract with Amtrak to sell Connector passes.

Commissioner Alegria asked about the total resources are listed on page 10 as \$6,537,712 but under General Fund in the Budget under resources are listed as \$6,599,132. Hazen thanked Commissioner Alegria and said he forgot to change the total resources in the Budget Message, but it is correct in the Budget Statement.

Hazen also said that the Timber Revenue is down 19% this year so we went very conservative for next year.

Commissioner Withers asked what the expectations are for the Lower Columbia Connector in the next 90 days. Hazen said as with all SETD routes, we have no plans on cutting any service at this time.

Jeff Frane said he remembered a discussion last year about the effect of a large increase in cruise ship service this year and you were moving towards more service and more operators to accommodate this. Hazen said that Covid really changed that and that he is not expecting any cruise ships now or in the fall. Hazen said it is a “wait and see” and it does not make sense to make any changes until things open up and we can look at that. Jeff Frane said he wondered if not having the cruise ships would release any funds but will wait and see what it looks like in fares.

Commissioner Alegria said she wanted to give a plug for the Columbia Connector and not give up on it.

The Capital Reserve Fund will provide match money for the E-Fare system and HVAC system. The General Fund is also transferring \$50,000 to this fund.

Executive Director Hazen reported that Commissioner Alegria had sent him several questions on May 14th which he presented with answers to the Budget Committee and have been added to the meeting minutes with answers in blue.

Overall question: What does “Second Proceeding Year” and “First Proceeding Year” mean. It does not make sense; it is confusing. Perhaps rename or eliminate these descriptions. [We have used the Oregon Department of Revenue’s local budget forms many years. We can remove those words.](#)

Resources General Fund p.13

#3-Previous Taxes: What/where is the \$27,000 from? Does this mean not yet received? [Previous Taxes are taxes that are collected from previous tax years.](#)

#5-Transferred In: What specific amounts comprise/total \$1,669,717?

STF	\$140,725
STIF Formula	\$1,043,228

STIF STD Discretionary	\$436,764
Capital Reserve	\$49,000
Total	\$1,669,717

#7-State Mass Transit: How is it calculated: a specific percentage of salaries? Why is this amount higher than previous years? It is a percentage of salaries of State employees that live within the District's boundaries. Our income this year is now projected to come in at over \$79,000. The first three quarters of the year are ahead of budget by \$7,300.

#10-Fares: \$250,000-Is this too high? Middle of March decline 34%-61%. Prior to COVID-19, we were running an increase in fares of 43%, February showing a 54% increase due to expanded service. For the current year, we budgeted \$290,000. We believe that the \$250,000 is a very conservative number. If not for COVID-19, we likely would have seen a budget north of \$350,000.

#12-STF Funds: Why is this zero when your budget message states that ...”STF funds will continue to fund part of Rte. 15 and Rte. 101B”. STF has a separate fund. This line will drop off in two years.

#17-Transportation Options: Why is the amount the same \$86,577 as adopted in 2019-2020? The current agreement with ODOT is a set amount for a three year period, this being the last year of the agreement.

#30-Taxes estimated to be received \$1,000,000-Why higher than previous years when many businesses are closed, some may not survive, and new construction may decline? Used the Department of Revenue's local budgeting guidance. Construction has not declined during the COVID-19 pandemic.

Requirements Summary p.17

Requirements Descriptions

9-Total Debt Service: What is this? Why Year to Date higher than adopted budget? This will not be the final number. In July of 2019, a debt payment was made for the month of June in Fiscal year 2019. The auditors will have us do a journal entry to attribute the payment to Fiscal year 2019.

Item 21 Operating Contingency: \$169,000 is less than last year and this coming year has more economic uncertainty. Fuel prices are low this year, but what happens when fuel increase. We are confident in this number. Budget for the current year is \$190,000 and we will not be utilizing it. Fuel prices were much higher in the first half of the current year and we were still running significantly under budget. History from the previous two years show us averaging \$176,000 per year. We feel that the budgeted amount of \$250,000 gives us sufficient protection for any potential price increases.

5. DISCUSSION OF FUND BUDGETS- Executive Director Hazen reviewed the Resources and Requirements for each of the funds listed.
 - i. General Fund- Total Resources \$6,599,132 Total Requirements \$6,599,132

5 Minute break was called Chair Tita Montero at 10:27 AM

Budget Committee Meeting called back to order at 10:35 AM

- ii. STF Fund- Total Resources \$140,725 Total Requirements \$140,725
- iii. STIF Formula Fund- Total Resources \$1,382,701 Total Requirements \$1,382,701
- iv. STIF Discretionary Fund- Total Resources \$436,764 Total Requirements \$436,764
- v. Capital Reserve Fund- Total Resources \$183,455 Total Requirements \$183,455

6. PUBLIC COMMENT- None

7. APPROVE BUDGET- Budget Committee Chair Tita Montero asked if there were any questions from the committee.

Commissioner Alegria asked if the District has accommodations for cyber security if we are hacked. Hazen said that is part of insurance and part of what our IT service does.

Commissioner Nino asked considering everything that is going on with workers not paying taxes for the fund we receive and others losing their jobs, how much could we be off on the proposed budget if this continues? Executive Director Hazen said there is no way of knowing but we did the best estimates we could. Commissioner Nino asked what if we go over budget. Executive Director Hazen said we would have to do a Supplemental Budget which is very likely that we will be doing.

Jeff Frane moved that the Budget Committee of Sunset Empire Transportation District approve the Budget for the 2020-2021 Fiscal Year in the amount of \$8,742,777.

Commissioner MacDonald seconded the motion

Discussion- None

Motion passed unanimously

Commissioner Tamara Taylor moved that the Budget Committee of Sunset Empire Transportation District approve and recommend that the SETD Board of Commissioners adopt property taxes for the 2020-2021 fiscal year at the rate of 16.2 cents per \$1000 of assessed value for the permanent tax levy.

Jeff Frane seconded the motion

Discussion- Commissioner Withers said he had been muted and was unable to be heard during the vote.

Commissioner Alegria asked where the 8 million was in our packet. Hazen said it is the total of all the funds combined and was not in packet in case there were changes made during the meeting.

Motion passed unanimously

Budget Committee Chair Tita Montero said we have done a really good job and did that is because we were presented with a good budget. This was the shortest budget meeting I have been on for several years. Very few questions and very clean presentation of the Budget. Tita said she wanted to commend Executive Director Hazen and the staff for that.

Commissioner Alegria said thank you for the hard work

Jeff Frane said he was very impressed by how clean the Budget process was this time. The first time I participated it was pretty much a nightmare. It is great to see in spite of everything going on that the District is healthy. It is good to see things moving forward and improving.

Chair Boothe-Schmidt said she agreed with Jeff Frane and added it has been a privilege to work with you

Meeting was adjourned at 11:25 AM

Mary Parker, Recording Secretary

Budget Secretary

Date _____