



**Sunset Empire Transportation District  
Draft Budget Committee Meeting Minutes  
Fiscal Year 2024  
June 7, 2023 10:00 AM**

1. CALL TO ORDER – Budget Committee Chair Tita Montero called the meeting to order at 10:02 AM.
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL: Present: Chair Boothe-Schmidt, Vice Chair Tracy MacDonald, Secretary/Treasurer Diana Nino, Commissioner Pamela Alegria, Commissioner Rebecca Read and Commissioner Charles Withers. Excused: Commissioner Guillermo Romero

Budget Committee Citizen Members- Tita Montero, Mary Ann Brandon, Melinda Ward, and Paul Putkey  
Excused- Excused Christine Lolich, John Lansing and Clark Powers

Staff- Interim Executive Director Paul Lewicki, Finance Officer Kelly Smith, Executive Assistant Mary Parker, Mobility Manager Jason Jones

Arla Miller, ODOT Regional Manager

4. APPROVAL OF THE May 24, 2023 BUDGET MEETING MINUTES-

Commissioner Debbie Boothe Schmidt moved to approve the May 24, 2023 Budget Minutes

Commissioner Rebecca Read seconded the motion

Discussion-

Paul Putkey said his name was spelled wrong on page 5 and 9.

Commissioner Alegria said the loan amount should be \$505,000 not \$500,000 (page 2).

Commissioner Boothe Schmidt said the loan amount should be corrected from \$555,000 to \$505,000.

Budget Chair Tita Montero said she had a couple of things on here in the minutes. One was her initial request that the Chart of Accounts be defined and entered. The only place that appears is in the reminder at the end of the meeting, but she did say that in the morning. The other thing that she could not find was a discussion that took place in the morning regarding auditors. The only thing she could find is the discussion we had in the morning regarding auditors to the ODOT forensic audit, but we also discussed the annual audits for the agency, and we were told that it is difficult to get auditors and I think I remember asking when we had our last audit, and none of that discussion is reflected in these minutes.

Commissioner Alegria said she has notes that say she asked why \$30,000 and she asked why so high, so it went from \$14,000 to \$30,000 so only half of it had been paid and that is why it is \$30,000.

Commissioner Nino said on page 4 Senator Bonamichi should be Congresswoman Bonamici.

Commissioner Nino said that on page seven on line 23 where it says the transportation options plan is not okay and then at the end of line 23 it says the marketing plan was a huge price. That line was on the previous page when we talked about the marketing plan so it should not be on line 23.

Commissioner Nino also said on page 8 under Requirements Summary allocated general fund budget if you went over each line and then it starts talking about the Personnel Services and this was when Budget

Chair Montero was asking about our full-time employees and so then at the end of that paragraph it says Sue Farmer said we had 46 full time employees and we have 15 employees now. Commissioner Nino said just for clarification it should say that we had 46 full-time employees before we suspended service on April 29<sup>th</sup> and now, we have 15 employees. Budget Chair Montero said there should be some clarification. Commissioner Nino said yes like before suspending service or else it's confusing if we have 46 or 15 employees. Budget Chair Montero said unless you know the running situation it is confusing. Budget Chair Montero said it probably should say we currently have. Commissioner Nino said we had 46 and we currently have 15.

Budget Chair Montero thanked everyone for being so astute on all of this.

Commissioner Alegria asked how many employees do we have?

Budget Chair Montero said let's not start discussing, we are talking about if the minutes are accurate and if the minutes reflect what that discussion was. We are going to get back to that. There was a lot of back and forth the ultimate end of that discussion was reflected.

Commissioner Withers asked if the discussion was finished on the minutes. Budget Chair Montero said not at all. Commissioner Withers said he would wait.

Budget Chair Montero said there are a lot of changes and fixes to the minutes, and asked Mary Parker how soon corrected minutes could be available. Mary said she did not know because there is another meeting today so maybe tomorrow, but it depends on how late the meeting goes. Mary said I could leave this meeting and correct the minutes. Budget Chair Montero said we probably need you here. Budget Chair Montero asked if someone wants to call for the question? Paul Putkey asked Budget Chair Montero if she wanted to table the minutes for now and move on? Budget Chair Montero said we can table them, or we can just not approve them subject to corrections.

Commissioner MacDonald moved to table the approval of the May 24<sup>th</sup> budget minutes

Commissioner Nino asked if we could approve the amended minutes once Mary has made the corrections, like on a quick meeting that we do online and we all just do it later this week or next week. Board Chair Boothe-Schmidt said it would still be a public meeting. Commissioner Nino said yes, it is a public meeting, but we do it online so not everybody has to come just to approve the minutes. Budget Chair Montero said you do your Board meetings on Zoom so we could arrange it like you do the Board Meetings and do it on Zoom. Budget Chair Montero also added that if we postpone it to the next meeting, we will have another set of minutes we will be looking at the same time, but that's not bad. Commissioner Nino said meaning that on that shorter meeting we would revise the May 24<sup>th</sup> and June 7<sup>th</sup>. Budget Chair Montero said it is possible and she never has understood why you wait a whole year to approve the last day of your Budget Meeting because who remembers a year later what happened.

Budget Chair Montero said I have a motion on the table to table the minutes do I have a second.

Commissioner Alegria seconded the motion

Discussion-None

All those in favor say Aye

Anyone opposed? None

Motion passed by unanimous Aye vote

## **ACTION REVIEW**

Budget Chair Montero said she would like to take Chair Privilege to go through the minutes to ask the questions if the actions we asked to be carried out were carried out.

Budget Chair Montero asked:

Starting on page 2, in the last paragraph I asked if a Supplemental Budget had been passed and later in the minutes it does show I recommended that the Board pass a Supplemental Budget, has that been done? Interim Executive Director Lewicki said that has not been done and said all he could offer in support of that is that there have been many things being taken care of by few people and it is our intention to pass a Supplemental Budget at the meeting on the 22<sup>nd</sup> to cover this loan, and if we had passed a Supplemental Budget prior to this time we would be making another one anyway, because earlier today we approved the second loan from the state so there will be a Supplemental Budget approved before the end of the year. Budget Chair Montero asked if you have expended any funds out of the \$505,000? Lewicki said yes. Montero said per Local Budget Law your agency is out of compliance. Lewicki said he agreed. Budget Chair Montero said she did not know what the penalties are for that if there are any, but I would say, when is your June Board Meeting? Lewicki said it is the 22<sup>nd</sup>. Montero said she would call a Special Meeting, but it is up to the Board to do what they are going to do. I just want to point out that the agency is out of compliance. Commissioner Alegria asked if we could have a meeting after this meeting. Budget Chair Montero said you must give public notice.

Budget Chair Montero said she asked if all the employee payroll deductions and all the obligations coming out of those had been paid. So the obligations to pay for health insurance and whatever kinds of payroll deductions that are made of the employee monies have been paid. Montero asked Kelley to confirm that all of those have been paid. Kelley said all have been paid. Budget Chair Montero said there's nothing outstanding on any employees obligations to any of their benefits? Kelley said just what is in process of AP this week for our last time.

Budget Chair Montero said going two paragraphs down, Commissioner Alegria said on page 35 there is supposed to be a business plan and Montero asked what the status of the report was and asked Lewicki could you bring us up to date on that. Lewicki said he did draft a business plan and he did send it to ODOT and Arla had made a draft and sent it to Arla and those that made it a requirement of the loan and he would be glad to provide a copy if that is what this committee would like. Budget Committee members said they would like to have a copy.

Budget Chair Montero said this is going back to what you said earlier that we would have had to do two supplemental budgets. If you go a little farther in this same paragraph, what Kelley told us was the first loan would take us to the end of the biennium, June 30<sup>th</sup>. The second loan would actually be in this 2023-2024 budget, so it should be built into the budget figures we are looking at today. Montero asked if that was true. Kelly said no, the second loan finishes out our 23 year and they we should get funding in July to roll forward. Executive Director Lewicki said a little clarification, the first loan would have not gotten us through the end of June and the second loan, the purpose of which is to carry us until we get our STIF Funding in July 2023. Budget Chair Montero said that what they are telling us is both loans are in the current fiscal year. Lewicki said that is right. If for the benefit of the committee, I might point out that this amendment of the first loan comes in the form of a draw arrangement where we will only draw what we need going forward, so it is our hope and intent not to expend the entire \$500,000 of the amended. Budget Chair Montero said because it is a draw it won't be brought forward into the next year. Commissioner Alegria asked if the second \$500,000 if we approve it today can that go into the budget that we are looking at now or does it have to be a Supplemental? Montero said we do not have to approve it today because it is for the current budget year and not the one, we are considering 2024. We don't have to look at it at all.

Budget Chair Montero said Kelly you had told us that the actuals were until the end of March, and I remember asking whether our figures today would take us to the end of April. Do the figures take us to the end of April. Kelley said yes.

Budget Chair Montero said going to the next page line 14, in the Budget Packet you prepared for us today are you still using the word other? Kelley said yes. Montero asked if Kelley was adding any explanation on that line. Kelley said she did not on the budget sheet. Montero said when we get there, we will be asking for that.

Budget Chair Montero said same page further down the paragraph starts on line 15 through 24. Three sentences from the bottom, she had requested a list of ODOT reimbursements that had been applied for and not yet paid year to date and that is the list we got by email yesterday and it says that Paul asked Kelly if she could find out what the number was if they were holding more than \$200,000. Kelley said she didn't have it, but she could get it. Montero said the list did not have a total on it, but it is \$487,000 and something which she added up last night, but we will talk about that when we get there.

Mindy Ward said above that she had asked about line 21 and a bunch of zeros on the report and she pulled up last year's packet and compared it to this year's packet for the second preceding year of 20-21 figures have been changed and prior years columns never change, so there's so many errors on this spreadsheet I'm concerned about approving anything. Montero asked Mindy as we go through, would you pull those out when we get to those.

Budget Chair Montero said in the second paragraph near the bottom of page 5 she had asked Arla to review the reported funding and asked if Arla got to do that. Montero said she had said it appears we are going to have corrected spreadsheets after today and asked Arla to review the reported funding. Montero asked Arla if she received the budget and the spread sheet the committee received last night that says what ODOT owes us? Arla said she did not receive the spreadsheet you got last night but she did get the budget. Montero asked if staff could provide the spreadsheet to Arla so she can be part of the discussion when we're discussing what ODOT owes us. Montero said the amount that is on that spreadsheet is \$487,122.48 that ODOT owes us.

Budget Chair Montero said two paragraphs down Kelly asked Arla if ODOT was going to be releasing funds that have been allocated to them and Kelly indicated that she had not added them to the budget because she didn't know if they'd been released, so the money on the spreadsheet shows what ODOT owes us, is that indicated as a receivable or any kind of resource in the budget we are going to be looking at. Kelley said no because she doesn't know if they're going to release those funds to us or not. Arla said the money they have asked for reimbursement, we don't know when or if we're going to be able to release those funds until after the forensic audit but there are allocations for the fiscal year 24 through 25 that are on the budget sheet. Montero asked why would we show things for 24-25 on the budget sheet for 23-24? Arla said she was sorry she meant 23-24, the budget you are looking at now. Montero said what you are telling us is that there are allocations from ODOT? Arla said yes and Kelly has put those in the budget. Montero asked Arla what the status of the forensic audit is. Arla said we got hung up in the DOJ for a while and also our procurement office. We have an auditor that is set up to do phase one. We would have rather been able to do phase one and two's audit but we're only going to be able to do phase one. We are waiting for them to let us know when they're going to be able to come out and do that. They're probably going to be requesting a multitude of documents that they want to do a desk review on. Montero asked what the difference is between phase one and phase two are? Arla said in phase one they will look for anything they can find like fraud and then in phase two they dig deeper to find what that is. Montero asked does that mean that if they don't find fraud there won't be phase two? Arla said that is correct, or if they don't find anything at all. Montero said we don't know how long this will take. Arla said correct.

Budget Chair Montero said going down two more paragraphs. Mindy reported the formula dollar amounts are not on the spreadsheet, Kelly said she will fix it. Did you fix it? Kelly said formula amounts for the upcoming fiscal year. ODOT pending? Kelly said I am not sure what the formula amounts on the spreadsheet are. Montero asked Mindy if she could explain. Mindy said that there are many lines with zeros from the preceding years and when I went back and looked at it the zeros are on the preceding ones, but the figures now do not match, they've been changed from prior years and prior year columns don't change. Kelly asked Mindy to give her an example. Mindy said if you look at last year's first preceding year 2020 to 2021 and compare it to this year's second preceding year 2020 to 2021 those figures should never change they just drop off and there's nine lines that have been changed. Mindy said they have also changed from the first packet to the second one we just received. Mindy said again that figures in preceding years don't change. Kelly said she did not have an answer for that. The only numbers that she

has changed are the updated and actuals. Mindy said one line that had zero that has zeros in it that don't on preceding year packets are line 1 for Available Cash on Hand for preceding years and line 29, Capital Reserve Fund preceding years figures are missing but Mindy has them from prior year packets. Mindy said the General Fund resources is on page 37 on the first packet, and on page 10 on the second one. Kelly said she will have to look at those and that she must have changed them in error. Budget Chair Montero said we will need to see it corrected to whatever the right amount is. All you have to do is look at the previous budgets to get those amounts. Am I right Mindy? Mindy said yes. Mindy also said that this really makes her question if anything has been correct at all for the last couple of years. Are you getting those figures from a computer or prior year reports? Kelly said prior year reports. Mindy said she has the prior year report in front of her and it doesn't match mine, nine lines have been changed. Montero said we need to get that fixed.

Budget Chair Montero said we're going to go to page seven line 23. Transportation Options is not 100% reimbursable so we are not going forward with that. Melinda asked what percentage was reimbursable, Kelly said she did not know off the top of her head. Did we find the answer to that question? How much of that is reimbursable. Kelly said it varies and depends on how much time TO spends in each category that she works in, but I don't have a set percentage. Montero said it is not a set percentage that is reimbursable, so if the TO works in certain category it could be reimbursable to a lesser amount than another area is. Kelly said her time was separated out into multiple different categories. Part of them were reimbursable and part of them depended on how much of her time she spent in a reimbursable category. So if she spends 85% in a reimbursable category then 85% is reimbursable. If she spent 15 % in a reimbursable category only 15 % is reimbursable. Montero asked Mindy if that answered her question. Melinda said if they're reimbursable in each category it really doesn't matter if it's split up its still 100 % right? Kelly said no. Mindy asked so she gets 85% in one category and 10% in another, so the rest of her time goes where? Kelly said SETD pays for it. Mindy said we don't know the percentages unless we know what categories she worked in. Do we have a list of which categories reimburse how much or is it not set and is according to hours worked. Kelly said that was correct. Mindy said she was still confused and asked if each category is reimbursed, and they have their own percentages, and we don't have a list of that. Kelly said no and explained that if 85% of the time is spent in a category that's reimbursable that 85% is reimbursed. Mindy said that 85% is 100% of the time spent in that category. Kelly said yes and SETD pays for whatever part isn't reimbursed so it varies depending on how many hours. Mindy said she understood. Commissioner Nino asked if that is because of the nature of the grant or are only certain things reimbursable or is it because we had to do like a match situation. Kelley said only certain parts are reimbursable. Nino said she was performing other duties that were not under that grant. Got it.

Budget Chair Montero said if we go to line 29 it says Mindy commented that there is no previous information on Capital Reserve Funds. Has that been fixed? Mindy said no, those are the lines I said are zeros. Preceding year resources General Fund are zeros in the two previous categories and those should never change. Commissioner Nino asked why does it have zeros. Kelly responded that it was a data entry error. Commissioner Nino said but if I'm seeing our current packet for today on page nine that's the Capital Reserve Fund and if I look at the historical data there are figures there and asked Mindy if that was what she was referring to. Mindy said no I am on the General Fund. Commissioner Nino asked what page. Mindy said her packet says page 10. Commissioner Nino said she got it. Mindy said the first two columns have zeros and on my preceding report from last year those were not zeros. Montero said it sounds like we have a reoccurring issue still where we either zeros or we have incorrect amounts for the previous two years. Mindy said and previous year columns do not change. Montero said you are correct. Mindy said Kathy had her hand up. Montero said we will be taking public comment at the end. Commissioner Alegria asked if the previous balances automatically are put in, or do they have to be done manually. Montero said they pull forward.

Budget Chair Montero said under Total Resources it says Kelley will make changes and corrections and update the calculations. Did that get done? Kelly said yes, we added the funding from ODOT.

Budget Chair Montero said under Special Funds Resources Kelly will change the total from, \$700,000 to \$2,102,861. Did that get done? Kelly said yes but not to that magnitude, which will be discussed later.

Budget Chair Montero said under Statewide Transportation Improvement Fund. Commissioner Nino said we needed a second meeting about why and how we transfer funds. Montero said we will put that on the side because I want to make sur that everybody understands how funds are transferred.

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Requirement Summary

Personnel Services- We will leave it an 18 FTE's and make sure the new budget reflects that. Kelly said that it is 14 FTE's. Kelly said when the new Executive Director gets hired it will be 15. Montero said you have budgeted for the Executive Director so that makes 15 FTE's.

Line 13- The Seaside Office will be closed.

Line 17 Dues of \$24,00 seem too high did you get that figured out? Discussion of what all went in to: Swiftly vehicle location software, \$15,000, SDAO \$4500

Line 24. You were going to check the fuel rate. For the purpose of the Budget. Mary will check for minutes to see what info is needed or if we need to make a modification.

Line 29 Meeting expense should have value discuss later

Line 30 ODOT Loan payment based on a million dollars and is in budget today

Line 34 May need to increase professional services. Kelly did.

Line 39 Vehicle maintenance may be increased Kelly did

Recommendation of software purchase from Budget Committee needs to be on agenda

General Funds

Line 29 should be \$430,401...did that get changed? Kelly said that got updated and will be discussed later

Line 30 should be 0 did that get changed yes

Total requirements of \$2,920,071 has been updated.

Lewicki asked if Ending fund balance should be determined by using a percentage Kelly had said you will look at what you need depending on when you get your funding. We will need to talk about Ending Fund balance.

Melinda Ward requested copies of the P and L reports for the last few years. Other budget committee members also wanted them buy did not receive. Please send out.

Correction at bottom of report, Pamela Alegria is the Budget Committee Secretary not Board.

Budget Committee Secretary Alegria said the Budget Chair has gone over this thoroughly and thanked Kelly this is a lot of work, and we appreciate it.

## 5. BUDGET OFFICER UPDATE- Chart of Accounts Definitions

Budget Officer Lewicki said he is going to go through the Chart of Accounts- Lewicki thanked the committee for their patience as many of us are working in areas we are not completely familiar with, and I thank you for you for that. I understand you have made some requests and we are working hard to meet

those requests. Lewicki said he wished we could do it more quickly, but he hopes that you would realize that there are many other things going on with having to lay off two-thirds of our people answer media inquiries and restructure our credit cards with the bank and many other things because of redistribution of staff. We are making a lot of efforts line by line to contact vendors and see where we can do to reduce our costs with a reduced number of employees and modify those services where we have not gotten what I feel to be effective service for what we've been paying in the past, so we'll do our best to do our part in this too.

Kelly spent quite a bit of time on page two through three of your packets to help with what we are doing here today and to support the financials going forward so you can see what goes into each of the accounts. Kelly put together a definition of what goes into each of the lines on our requirements budget.

Commissioner Nino asked about line three of the advertising General Ledger codes 8053 it says employment, so that's when we tell the public that we have an opening. Also under advertising would there also be the Board meeting announcements. Mary said that would be for legal announcements for Budget meetings not regular Board meetings. Nino also asked if the building and grounds, maintenance and garbage reports are monthly or annual fees. Kelly said annual fees and that she is just trying to give a snapshot of why the numbers in the budget are what they are. Just a quick view of the largest in the categories and some of them that stood out a little bit more. Commissioner Nino asked then whenever we see amounts it will be annual. Budget Chair Montero said this is a generic document because those costs change from year to year so it's not typical to have those numbers there. It is really nice right now but, in the future, I wouldn't say that there are just the items that go into that. Montero said she was curious as to why there are several ledger codes going into a budget line item. Kelley said things like Conferences, Training and Travel, there's Board, staff, travel, Conference fees and hotels. Montero said, so you can drill down to the detail a little faster.

Interim Director Lewicki said the second part of this document will be a table like this broken down by general ledger instead of by budget lines so each of these will be separate. Commissioner Alegria asked what HR Answers is. Kelly said Sue uses them with employees issues. Alegria asked why she doesn't use SDAO? Kelly explained HR answers specializes in Human Resources issues and training. Budget Chair Montero said if you need to know the Federal Regulations. or the State Regulations or Family Leave information you would use HR Answers. Commissioner Alegria asked what 8092- GNSA access is and 8093- Late Audit Fee is. Kelly said GNSA was an older payroll system used at SETD before Accufund, and they charge a fee for storing payroll records and for allowing access to payroll records. Kelly said employee records have to be kept for 10 years. Kelly said the Audit Fee is for us turning in our Audit late. Budget Chair Tita Montero said the entity is going to pay the penalty which is one of the things that should spur the entity on to get that auditor to finish their work in a timely manner. Montero said she could see where the GNSA would go under Taxes, Licenses, and Interest, but a late Audit fee? How does that fit under Taxes, Licenses, and Interest? Montero said going back to that late Audit are we going to have 2 late fees for next year. Kelly said no. Commissioner Alegria said she thought this year's Audit was not done. Kelly said it hasn't been done. Alegria asked if we will be charged a late fee. Kelly said we were already charged a late fee. Budget Chair Montero asked if they charge the late fee before? Kelly said the Audit is already late.

Budget Chair Montero said these are all from the Chart of Accounts for Expenses, are you going to make a Chart of Accounts for Resources? Montero said that would be good to have. Interim Executive Director Lewicki said he would work on making that. Commissioner Alegria said in terms of resources she is curious about the number of employees used for the mass tax and discussed changes that could occur in the employee base that would affect the taxes we receive. Budget Chair Montero said she is not going to dictate how they compute it, but this is the kind of figure that is out there and is so changeable but what you do is you look retrospectively at what your last couple of years have been and then maybe you add because wages are going up and that is what you put in your budget. As you go through the year your P and L are going to tell you what your actuals are and at the end of the year, you're going to use that information for your next budget. There is no scientific way.

Budget Chair Montero asked if before we get to the discussion of Funds, we have discussion of Fund Transfers. Montero asked Lewicki and Kelly to explain what they do when they receive a large amount of taxes. Where do you put that in the budget and how are you going to distribute it through fund transfers.

Commissioner Alegria said this is not quite what she was asking. So you look at your budget during the year and you're not going to make payroll. So you take the money from somewhere else. Commissioner Alegria said what she is asking is that if that is done that you show it on the monthly budget. Alegria gave another example you have \$30,000 for wages and you realize you do not have enough to cover the \$30,000 so we haven't spent money on fuel, so you take the money from fuel to cover the needed \$30,000. I am asking that you show this in the financials. Interim Executive Director Lewicki asked Commissioner Alegria if she was asking this from the Budget Committee or the Board member side. Alegria said Board. Budget Chair Montero said from a Budget Committee standpoint I would endorse that practice because it is transparency, so that anyone can see whether it is Board member or a Budget committee member or a rider can see that money has been moved from one fund to another and the reason for that move because it helps the Board, Budget Committee and the Advisory Committee understand the finances and what is going on with the District and I think we can see how this can help us in the future.

Interim Executive Director Lewicki said we will be doing things differently in the next fiscal year than we have done in the past fiscal years. We have very few checking accounts right now. We have one that the timber and tax money goes into and the general account which is the only account that the state will transfer funds into. Going forward we will be establishing at least 2 more checking accounts. One is for the loan proceeds, and another will be for the STIF proceeds. Lewicki said that funds will come into the general checking account and Kelly will take those funds and transfer them into the appropriate checking account. When we pay bills, we pay them out of the general checking account. If we have a fuel bill to be paid it will be paid out of STIF and some out of the general checking account. So Kelly will transfer funds from the STIF account, the General Operating account into the General Checking Account. Each transfer requires approval from the Executive Director and will be documented. Commissioner Alegria asked if the Board could receive a sheet of when transfers were made. Lewicki said that could be done. Kelly said she will email the director for permission to make transfers. Alegria asked if the Board could receive a copy of the transfer requests. Lewicki said yes. Alegria said then the Executive Director, Finance Officer and the Board are all looking at the same thing and ODOT would be aware of the checks and balances in place. Lewicki said the things that ODOT has required he did not think were unreasonable and it is things we should have discovered ourselves, but I think there may have been a different management strategy in place.

Lewicki said the other thing he wanted to bring up was the recommendation from RLS to replace our accounting system and when we do that system will run all the different accounts and produce a myriad of reports showing what bills were paid and what accounts the payments came from. Commissioner Alegria said that for the record, SETD should check with other transit agencies and see what finance program they use because this will be the third finance program we have had since I have been on the SETD Board.

Commissioner Read said that it was discussed in the earlier budget meeting that things are going to be run differently now. We are anticipating that. The idea is about full disclosure and transparency, doing things differently, and the Board is putting that as a high priority, and I wanted to put that on record. This is not incidental but a priority. Commissioner Alegria said this is happening now and wouldn't have happened a year ago.

Commissioner Nino asked how the grant match money gets handled. Kelly said that John Dreeszen helped her go through all the grants that require match money and make a spread sheet showing each requirement. Kelly said then they determined how much match money will be used from STIF, Taxes or Timber Revenue so I have that going forward. Kelly said she is adding another spread sheet monthly basis that will show what money we have incoming in all our buckets and then our bills and what source of funding is paying for those. That will grow into a quarterly spreadsheet that I am pretty sure ODOT will want when it comes to our reimbursements. Commissioner Nino asked if the match money comes in incrementally then? Kelly said yes, it is already marked as match.

Budget Chair Montero said given all the questions we have had at the past meeting and at this meeting I appreciate everyone's patience if you know the answers you are sitting through and listening to the



answers today. Montero said what she reflected on is that we are starting to learn or understand what we don't know, and it is hard to know what you don't know. So Montero said what she would like to suggest for the Budget Committee and the Board is to have some kind of basic training, which could be held at the beginning of the year. What is Oregon Budget Law, what is funds transfer, what is a fund and what is the difference between a fund and a checking account. And then without looking at a budget to approve, what do all these columns mean, previous 2 years, P&L, contingency, capital reserve and you can roll these all up. The better educated the Board is the better educated the Budget Committee is the better educated the Advisory Committee and the better the district will broaden, and it is all Transparency. Budget Chair Montero said she would like to suggest that this is added to the to do list for the next year. Commissioner Read said she was glad Montero had mentioned this because we are on the same page.

Budget Chair Montero called for a 15-minute break at 11:25 am

Budget Chair Montero called the meeting back to order at 1140 am

Jason Jones read the public comments made on Zoom.

Budget Chair Montero asked that the list of SETD grants still owed to SETD be passed out. The list was emailed to the Budget Committee on June 5<sup>th</sup>. Montero asked what the time frame was for applying for reimbursements. Kelly said we have 6 weeks after the end of the quarter to send in the requests for reimbursement. You have 60 days at the end of the biennium to submit for reimbursement. Montero said a District could wait until the end of the biennium to send in for reimbursements. Arla said yes. Montero asked what is the ODOT agreement to reimburse. Arla said contractually 30 days, but this is unforeseen circumstances and unusual circumstances, so we are holding the money. If they used state funds (STIF) to pay for federal items, they have already been reimbursed. Montero clarified that the first 3 items on the list have been paid. The next 3 items were invoiced in December of 2022. Kelly said the date listed on those is the last date of the quarter, but the due date was in March but submitted in February 2022. Montero said if these went to ODOT in February and ODOT had 30 days to pay that would have been before any problems at SETD. Montero asked Arla why were these not reimbursed to SETD. Arla said she can only speak to 5311 funds. Arla said we had to wait for FTA to release those funds, and we were just about to send those funds out when we heard on April 18<sup>th</sup> that the district was in trouble and we held all funds. Budget Chair Montero said she is so confused by this and the timing. But basically if you add this all up it comes to \$487,122.48. Montero said these are moneys owed to the District by ODOT. No matter what the outcome of the Forensic Audit is these are funds expended by and owed to the district. Montero said am I incorrect in assuming there are only a couple of outcomes to this. One being that the this is an accounts receivable and District gets it or 2 ODOT retains and posts it to the outstanding balance of the loan. Arla said # 2 cannot happen. Arla said *"If they can go back and show how these purchases were paid for, which could be very difficult to do because it is all co-mingled funds, if they could show that these were paid with federal funds set aside to pay these bills, we could then release it, if paid with formula funds we cannot"*. Budget Chair Montero asked Kelly if she missed anything with what my questions were. Kelly said no. Montero asked Kelly are we still expending funds that we would get reimbursement from ODOT for. Kelly said yes.

Commissioner Alegria said it is her understanding that the forensic audit has not started yet. Arla said it is hard to find forensic auditors. Alegria asked what do we have to do to get this audit done. It seems a little unfair to the district. Arla said no. Arla said if Kelly who has been busy with trying to get the budget done and all these things, however if she can go in and show where the funds came from and show that no items, she is asking for reimbursement for were paid for with STIF funds we can reimburse even before the forensic audit. Commissioner Alegria said she thought the forensic auditors were doing that. Budget Chair Montero said the forensic auditors are going to look at it but my understanding is if Kelly could proactively do that before the auditors come in and submit that to ODOT, ODOT might consider paying us some of the money they owe. Commissioner Alegria asked how would you go about doing something like that. Kelly said will look through what we were paying and where the funding came from. Commissioner Alegria asked if Kelly had help. Kelly said Interim Executive Director Lewicki will help.

Lewicki said it has only been a few days since Arla let us know about this and we have been preparing for this meeting and the Special Board meetings and other things, but this will be a priority when we are done with these meetings. Arla said we don't have access to Accufund and the forensic auditors will not be tasked with looking at the reimbursements, they will be looking for fraud and other things that do not seem right. Budget Chair Montero said they are looking at the bigger picture like what was the profit of all this. Commissioner Alegria said just keep on asking. Paul Putkey said he has been looking at the Special Fund Resources. Chair Montero said we are in there yet. Paul said this pertains to what we are discussing. Paul said he had been looking at the STIF fund and we had spent \$200,000 on District Operations and that is refundable money. Paul asked how does ODOT know what District Operations is? What is that. It is just a broad category. Interim Executive Director Lewicki asked, do you mean how does ODOT know what we spend Operations money on? Paul said it is his understanding that ODOT wants us to show that it was STIF money, but how do you show when it is co-mingled. We are just going to write off this 200k. Budget Chair Montero said these are things we can all be concerned about, but we don't know how they look at things or what has happened, and we can't make suppositions and I really don't think anybody has answers here. How ODOT operates and how they determine their information is how ODOT operates. They are going to look at what was reported before and what they see now. Montero said I don't think there is going to be anything that affects the future budget that we are going to be talking about. It certainly shows concern for what is happening today. Paul Lewicki said my understanding is that you are asking how does ODOT know in a normal circumstance how to reimburse us. Putkey said we have been getting reimbursements from ODOT in the past. I am assuming since we have been reimbursed, we must have sent a tag on the request saying how we spent that money. So I don't understand if we showed ODOT how we spent that money why do we have to do it again? Why do we have to go in and do it again? Arla said we don't get the information of what bucket of money it was paid with. Putkey asked has that been a requirement in the past. Arla said no but we are looking at a forensic audit now and it would not be good to issue a reimbursement when we have an issue there. We have to follow our accounting rules and when there is an issue, we start requiring more from them about how they are paying things. FTA is not happy right now so that puts our funding in jeopardy. Commissioner Nino- If the auditors can't get into Accufund what will they do. Arla said they will request that you provide information. Arla said they may just have you send it to them and not come on sight.

## 6. DISCUSSION OF FUNDS

### A. GEENERAL FUND- Changes/Discussion-

- 2.-6. Volunteers still providing free Veterans Rides on their own but no reimbursement.
- 9. Audit-Add for completion of 2022 \$10,000 to the 2023 \$30,000
- 13. Seaside Office Closed- Put up public notice about options for ticket purchases
- 29. Meeting Expenses- Add \$500 for Meeting
- 41. Total Materials and Services- \$709,000
- 48. Total \$2,526,720

### B. GENERAL FUND REQUIREMENTS- Changes/Discussion

- 29. Operating Contingency- Reduce by \$10,500 Total \$415,088

Discussion: Paul Putkey said he thought we were not going to have Operating Contingency this year. Budget Chair Montero said I don't think we made that decision we talked about how you decide on Operating Contingency verses Unappropriated Ending Balance. What we have here is a discussion about do we want to have an Unappropriated Ending Balance or do we want to put it in Contingency. My personal feeling has always been you don't want to put it all into Contingency you want to put some in the Ending Fund Balance because you are going to need that money for July and August of 2024. One is a funds transfer and the one you are not supposed to use during your current year. I personally think it is kind of risky not to have any Ending Fund Balance. Montero said we can open this to discussion. Interim Director Lewicki said since these are such unusual times, he does not want to chance putting money in a line where you can't touch it. I don't know what is going to happen down the road. What I am counting on is from this point forward there will be responsible cash management and responsible general management of the districts funds and operational costs. I expect we will not have to touch that contingency and we will still have an ending balance no matter what. I probably won't be the one who is here at the end of the next fiscal year, but it is so uncertain what the world looks like between now and then I would hate to say we can't touch this money because it is in the Ending Fund Balance no matter what. Truth be known if we got in a pinch, we could do a supplemental budget and pull that out. I say we leave it as Contingency so we can be as fluid as possible for this uncertain year. Budget Committee Chair Montero said what about the consideration of instead of locking it- semi locking it by making a recommendation to the Board that any money is transferred out of contingency it must come to the Board first. Paul Putkey said what about if something pops up between Board meetings, you may not be able to pull anything out of Contingency. Montero said it is easy to put together a Board meeting on Zoom and again this is all about transparency and everybody knows. Lewicki said as it is the director does not have spending authority over \$10,000 anyway. If there is an emergency, we are going to do what is necessary to continue operations and then bring it to the Board. Commissioner Nino said that's what we thought but that didn't happen this last year. Commissioner MacDonald said he would recommend that anything over \$10,000 takes Board Approval and make that a motion in regular Board Session. He said now he is recommending that the Budget Committee recommend to the Board that they make it a policy. Lewicki said we already have that policy. Board Chair Boothe-Schmidt said we do have that policy about spending but not about transferring out so I would like to see it have it's own account. Commissioner Withers said he would like to know what Paul thinks about this. Interim Executive Director Lewicki said it is time for us to have as much transparency as possible but if there was an emergency and there was not time to call a Board meeting, I would call the Board chair and say this bus is on fire I am going to take care of it and would come to the Board afterwards. Other than an emergency I think our \$10,000 policy covers it. I don't know why we would transfer less than \$10,000. Budget Chair Montero said there is a difference between the Executive Director spending \$10,000 and moving money out of contingency and being spent. Paul Putkey said why would you do that. Budget Chair Montero asked really, why would you do that. Putkey asked isn't this more of a Board discussion? Montero said because it is a financial matter can make a recommendation to the Board. We can't make this decision, but the Board can. Commissioner Alegria said that an emergency Board Meeting in certain situations can be held without notification.

7Debbie Boothe-Schmidt moved to recommend to the Board to that the Board adopt a policy that any money moved out of contingency must have Board Approval

Paul Putkey seconded.

Motion passed unanimously

Commissioner Alegria said she has been asking for the Contingency Fund included with our financial reports. Kelly said she is working on that.

PUBLIC COMMENT-Budget Committee Chair Montero asked Jason to read the Public Comments.

Commissioner Charles Withers stated that he has a difficult time being recognized when putting his name card up. Charles stated for the record: I understand the need for comment but find the insults hurled at the Finance Director unwarranted and unprofessional and we are here dealing with whether the Finance Director is qualified or not and would like to keep it to that. I understand the public's need to have their input, but I cannot go along with a character assassination.

Board Chair Debbie Boothe-Schmidt said on the agenda under #7 there is a place for public comment and I think we should hold all the public comments until then because this is time consuming.

Budget Committee Chair Montero said that public comments in this setting are so different than when you have them in person. Public comments are truly meant to be a comment from the public to the Board that is in session as opposed to comments to each other and I think that Zoom in the way it is set up in the chat becomes a conversation as opposed to the public making comments.

Commissioner Withers said he understood that Madam Chair and I understand the need for public comment in a public environment, but I am simply stating my support for the Financial Officer and the resistance to any personal attacks on her capability. I have been in public life for 40 years and I understand how this works. I sent out a comment of my support of Kelly's ability to do her job. Thank you.

#### C. STATEWIDE TRANSPORTATION IMPROVEMENT FUND STIF FORMULA- Changes/Discussion

Arla Miller from ODOT explained that the STIF fund is based on payroll taxes and now we have incorporated the STF and based it on based population as well by legislative rule we had incorporate the two. Arla said they had everybody add 20% to it so if we get more funds in we can pay more out. Arla gave the example of SETD which has already hit the limit this year. However in SETD will be eligible for FY 2024 and should receive around \$615,000 around July 15, 2023. on the STIF formula. Budget Chair Montero asked if the \$615,000 is included in the \$876,00. Paul Putkey asked how much is the district going to receive in this biennium. Arla said \$2,102,000 is the forecast with the 20 % added on. Arla explained they had them put together a plan every two years for the biennium and we had already paid out the funds to get that maximum amount so whatever taxes came in from the payroll we had put aside with their name on it that will come into them at the first of the next fiscal year. By law we cannot send them additional monies above what their STIF formula is. That's why this biennium we decided to have them add the 20%. Kelly said we are budgeting for 1/2 of what they should receive in the biennium. The total for the Biennium is 1.7 million. Paul Putkey asked for clarification of funds they were expecting. Kelly said they will receive \$650,000 in July and over the remainder of the year the remaining \$876,182. Putkey asked if we are not budgeting for the extra 20%, what happens when we come up against that number. Arla said they will not be receiving more funds in the fiscal year than they're actually budgeting for. Budget Committee Chair Montero said that they can do that because I just heard you say that you did not receive it for this year because we did not have that much in our budget so it prevented ODOT from giving us the extra 20%. Arla said Legislation does not allow us to write the an agreement for the STIF formula plan so what the agencies put together the STIF formula plan. Arla said we can pay them monies up to the total amount of the plan which is supposed to be for two years and then we are not able to pay anymore even if we get more in for them. Montero said we will get extra which will count toward the total of \$2,102,000 million which has the 20% added on. Montero clarified, and I think what Paul is thinking is if we are budgeting at the 100% but receive at the 120% then the budget, we have here would prevent ODOT from it giving us the extra 20% during the upcoming fiscal year. Paul said yes. Arla said we do not go by the Budget we go by the STIF formula plan. It is up to the agency to have the correct amount on the budget. Kelley said we are budgeting for 100% but applying for 120%. Mindy asked if there has been a change in the fund amounts that were given out earlier. Montero said Line 27 is the STIF formula fund \$876,192 that corresponds with what we are looking at now.

- D. STF FUND-No changes
- E. STF FORMULA -No changes
- F. STF DISCRETIONARY-No changes
- G. GENERAL FUND RESOURCES- No changes
- H. CAPITAL RESERVE FUND- No changes

Budget Committee Chair Montero asked if the Budget Committee if they wanted to pass the Budget today or wait for the updated file numbers and a third Budget meeting  
 After discussion the Budget Committee agreed

- Mindy No
- Mary Ann Yes
- Pamela Yes
- Rebecca- Yes
- Budget Committee Chair Montero- said she does not feel because I want to see the actual numbers. The updated numbers. I have never passed a budget that was not completed with the correct numbers.
- Charles-yes
- Paul-Yes
- Diana- No
- Board Chair Debbie Boothe Schmidt.- Yes

Budget Committee Chair Montero asked if the Budget Committee if they wanted to pass the Budget today or wait for the updated file numbers and a third Budget meeting

After discussion the Budget Committee agreed to have a third Budget Meeting June 16, 2023 at 10 AM  
 No treats!

7. PUBLIC COMMENT-

Meeting was adjourned 3:15 PM

Mary Parker, Recording Secretary

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 Pamela Alegria, Budget Committee Secretary

Date\_\_\_\_\_