MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT

BUDGET COMMITTEE MEETING MINUTES
THURSDAY, April 13, 2017
12:00 NOON

MCEDD OFFICES
515 EAST SECOND STREET
THE DALLES, OREGON

ATTENDANCE
Committee Members: Dana Peck, Sam Bauer, Eric Proffitt, Fritz Ellett, Leana Johnson and Sue Knapp

Staff: Amanda Hoey, Sherry Wickert, Jessica Metta and Sherry Bohn

CALL TO ORDER/INTRODUCTIONS:
Sam Bauer called the meeting to order at 12:00 p.m.

ELECTION OF COMMITTEE CHAIRMAN AND SECRETARY
Sam Bauer opened the floor to nominations for the position of Committee Chair and Secretary. Nominations were made for Sam Bauer to hold the position of Committee Chairman, and Dana Peck to hold the position of Committee Secretary.

> **MOTION** to elect Sam Bauer as Budget Committee Chair and Dana Peck as Budget Committee Secretary made by Dana Peck. Seconded by Fritz Ellett. Motion carried unanimously.

PRESENTATION OF FY 2018 (JULY 1, 2017-JUNE 30, 2018) BUDGET
Amanda Hoey and Sherry Wickert presented the FY 2018 MCEDD budget. The presented budget included the budget narrative, proposed appropriations by category, historical data, all funds budget, operational budget, local assessment matrix, salary plan, and benefit plan. They reported that MCEDD's FY2018 budgets have been prepared through careful analysis of prior year's budgets, actual expenditures (prior year and current year), and forecasted revenues and expenditures for new projects.

Sherry Wickert highlighted the Projected Revenue reporting that the EDA Planning Grant is moving to a three year grant cycle. The grant is expected to provide $80,000 annually in federal funds, with a required cash match of $80,000 annually. She noted that local assessments and Fee-for Service will be utilized to the local match. She also reviewed grants, contract reimbursements, special project revenue, loan fund principal repayments and loan fund interest. Sherry noted the IRP and Regional Strategies carry over funds include amounts in unrestricted carryover as these are amounts accumulated from prior years of loan fund income not spent on administrative costs. She also noted the Special Projects restricted carryover is the estimated balance available for specific special projects and that the beginning General Fund carryover balance is estimated on the FY Carryover Balance of $288,912 and the FY19 Estimated Carry forward Balance of $258,209.

Amanda Hoey reported that loan fund revenue is based upon current loan revenue projections for loans already in MCEDD and OIB portfolios and that Projected loans for the Fiscal Year is based on a three year average of lending.

> *Discussion: Fritz Ellett asked if MCEDD has always used a three year average. Amanda Hoey explained how and why staff decided to use that average. Sam Bauer asked if the revenue shift was due to only increased payoffs or also the lack of new loan distribution. Amanda explained that it was both and that it was not just the case with MCEDD. Fritz Ellett asked if changes were made to the projections where would those changes be reflected in expenses. Amanda Hoey explained that it would occur in personnel. Leana Johnson asked if there were any other fiscal projections that could be used to help. Eric Proffitt asked if there has been any increase in the pipeline activity. Amanda Hoey noted that any new loans were already included and that there had been an increase in inquiries. Sue Knapp stated that the three year average appeared to be the simplest way to do the calculation but asked if there was a way to weight the figures. Amanda Hoey stated that there is a general correlation between number of loans and the total dollar amount. Sam Bauer asked if staff saw or had done anything different with prospects for new loans in 2017. Amanda Hoey explained that staff has concentrated on keeping existing loans and increased outreach. She also noted the Loan Administration Board had reviewed policy modifications including an option for reducing interest rates over the life of a loan. Fritz Ellett suggested adding more weight to the most current year such as 40-45 percent to FY17, 30 percent to FY16 and 20 percent to FY15. Eric Proffitt suggested using a five or seven year average, which he subsequently refined to suggest a five year average.*
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> *Amanda Hoey stated that the consensus she was hearing was that the committee preferred to use the three year average this year but would like to see the narrative to the Board include a review for options for weighting FY 17 heavier and using a five year average.*
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> *Dana Peck asked Sherry Wickert what either of those changes might reflect. Sherry explained that she did not think it would cause a huge amount of difference. Amanda noted the weighting of FY17 would likely lower anticipated revenue and the five year average would likely raise the revenue projections. Eric Proffitt asked what MCEDD's minimum level of operation was. Amanda Hoey stated that this budget reflected that MCEDD is not keeping pace and requires reductions in expenses. Sue Knapp stated she was ok with this scenario for this year and should look at alternatives for next year. Amanda noted that the OIB had approved this scenario and suggested not changing the OIB figures in the narrative to the Board. Sue Knapp requested the number of projects for each*

year be included as well. Dana Peck noted that changes in the regulatory environment could affect these numbers as well. Committee consensus was to move forward with $850,000 loan revenue projection.

Sherry Wickert highlighted the Attainable Housing Revolving Loan Fund noting that two new loans have been approved. One is included in FY17 projections to close but the second in included in the FY18 projections. Sherry also noted that the invested interest is the same.

Sherry Wickert reviewed projected expenses, highlighting personnel expenses, noting that there are no COLA increases included this year. She noted that step raises for eligible employees were included, with the exception of the Executive Director. She also reviewed the Board approved creation of a Deputy Director position for FY 17, reduction of FTE for the Office Administrator due to less anticipated revenue and the overall reduction of anticipated expenses for the Finance and Operation Manager position due to the anticipated retirement of this position.

Sherry also reviewed the changes for health insurance as the current plan for MCEDD employees will no longer be offered after December 31, 2017 and that the budget reflects six months at a lower rate.

Discussion: Amanda Hoey explained how staff calculated the change in personnel, based on the declining revenue and noted administrative sustainable percentage. Sam Bauer stated that he did not believe in the "do more with less" but MCEDD cannot cut loan fund management as MCEDD needed to process more loans. Sam Bauer stated that if staff believed that administration needed to be cut then that is what needed to be done. Leana Johnson asked about the possibility of repurposing the retiring personnel position. Amanda Hoey explained the duties of the Loan Fund Manager and Finance Manager and the analysis of position responsibilities. Sue Knapp asked if the position could be left open. Amanda Hoey explained the duties of the position and stated that the position is included in the budget for a short time as a contractual and then moves to a regular employee. Sam Bauer asked if there was a cost savings between a contractual position in the budget and could it be put toward loan fund administration. Amanda explained that that there were no real cost savings unless there is a time it goes unfilled but noted the committee could offer it as a recommendation. Sue Knapp expressed concern about the change of 1 FTE to .5 FTE, without benefits, to the office administrator position. She asked what it would take to keep the benefits. Amanda stated it would need to go to.53 for benefits and that would force a reduction to the Loan Fund Manager due to the added cost burden. Fritz Ellett stated that he thought administration is the most reasonable to reduce. Eric Proffitt asked if the Loan Fund Manager could be reduced and Office Administrator raised. Amanda explained the problem with retention and work load and noted the scenario staff had explored which could raise the Office Administrator to a .75 FTE but would then reduce the Loan Fund Manager to a 0.8 FTE, creating employee retention issues as well as administrative cost percentage issues. Sue Knapp asked about what if no one given a step increase. Amanda explained the probability of step increases and the *relation to special projects. Fritz Ellett questioned how realistic the loan revenue projection was.*

Sherry Wickert also reviewed travel authorizations, equipment and event services, legal service, contractual, building costs and distribution of expenses.

MOTION by Dana Peck to approve the FY2018 budget as presented, with modifications made to the narrative as discussed, for recommendation to the full MCEDD Board to adopt the budget. Seconded by Fritz Ellett. Motion carried unanimously.

ADJOURNMENT

The meeting adjourned at 1:15 p.m.