

**Central Oregon Intergovernmental Council
Board Meeting Minutes**

Date: June 6, 2019	City of Redmond Public Works Department 243 E Antler Ave., Redmond, OR	Prepared by: B. Taylor Reviewed by: T. Baney
<p>COIC Board Members: Commissioner Wayne Fording, Jefferson County; Commissioner Patti Adair, Deschutes County, Commissioner Jerry Brummer, Crook County; Councilor Nancy Connolly, City of Sisters; Councilor Bruce Abernethy, City of Bend; Councilor Bartt Brick, City of Madras; Councilor Don Greiner, City of La Pine; Councilor Gail Merritt, City of Prineville; Councilor Andy Bryd, City of Culver, Councilor Jay Patrick, City of Redmond; Tribal Council Member, Brigitte McConville, Confederated Tribes of Warm Springs; Tim Deboodt, Appointed Board Member representing Crook County, and Katie Condit, Appointed Board Member representing Deschutes County</p> <p>COIC Staff: Tammy Baney, Executive Director; Michelle Williams, Fiscal Services Manager; Scott Aycock, Community, Economic Development (CED) Manager; Michelle Rhoads, Transportation Manager, Derek Hofbauer, Outreach and Engagement Administrator; Josh Lagalo, WIOA, Youth Education and Training Program Manager; John Bouchard, Ed.D, Youth Education Program Manager, Penny Newton, Adult Worksource Program Manager, Michael Derrickson, Medical Ride and Brokerage Manager, and Jane Foote, Human Resource Manager.</p> <p>Guests: Annette Liebe, Regional Solutions Coordinator, Office of Governor Kate Brown</p>		
Agenda	Discussion	Action Item
Call to Order	Chair Brummer called the meeting of the COIC Board of Directors to order at 5:38 pm. Introductions were made by all those in attendance.	
Public Comment	There were no public comments.	
Consent Agenda	Chair Brummer asked the Board if anyone had any questions or comments regarding the consent agenda. He entertained a motion for approval of the consent agenda including minutes from the May 2, meeting as written. Councilor Abernethy moved to approve the consent agenda, Commissioner Adair seconded; the motion carried.	Motion: Councilor Abernethy moved to approve the consent agenda, Commissioner Adair seconded; the motion carried.
Central Oregon Regional Solutions – Regional Priorities and Projects Review	Regional Solutions Coordinator for the Governor’s office, Annette Liebe, was introduced to the Board. Ms. Liebe informed the Board that the Governor’s approach to community and economic development is to work locally with partners such as COIC, to identify priorities, solve problems, and seize opportunities to get projects done; recognizing the unique needs of the regions throughout Oregon. She added Regional Solutions supports locally-driven economic and community development by coordinating state actions and aligning resources, staff, and/or grants to contribute to a strong economy.	

	<p>Core members of the Regional Solutions Advisory Committee include a convener, private sector representative, philanthropic representative, a member recommended by Association of Oregon Counties and a member recommended by the League of Oregon Cities. The Committee identifies regional priorities and resources to help complete projects as well as recommend priority projects for funding. Ms. Liebe added that there are 11 Regional Solutions teams covering the same geographies as the 11 Federally designated economic development districts. Each team has a Regional Solutions Coordinator, and five core state agencies including ODOT, DEQ, OHCS, OBDD, and DLCD and she can add additional state agencies depending on the project and priority.</p> <p>Seven high focus priorities were identified for Central Oregon and include growing OSU Cascades, increasing workforce housing, employment land and infrastructure to retain and attract employers, encouragement of water conservation and restoration, vibrant downtown cores, increasing emergency preparedness and response, and childcare availability. Ms. Liebe said for high focus priorities, the committee, coordinator and team will actively engage in seeking projects that will contribute to successful outcomes.</p> <p>Support priorities were discussed. Ms. Liebe noted for support priorities, the committee, coordinator and team, monitor, engage and support as needed and requested. The coordinator continues working with the communities to address these priorities, as well as serve as a catalyst for their successful accomplishments. She noted that the support priorities included Integrating workforce training opportunities, supporting the regional creative economy, outdoor recreation, and enhancing transit in Central Oregon.</p> <p>Ms. Liebe added that they are looking for input from regions to synthesize into priorities currently underway. She said Mr. Aycock is a Regional Solutions team member that has worked on and is working on projects with Regional Solutions including leading the support priority of enhancing transit in Central Oregon. Mr. Aycock added that in addition to the enhancing transit project, the vibrant downtown core project is a good example of partnership with Regional Solutions as they were key in terms of working with La Pine, Prineville and Madras to identify their needs.</p> <p>A question was asked regarding the water conservation and restoration priority. Ms. Liebe said there are a number of initiatives underway including pipe irrigation, renewed environmental assessments, etc.</p>	
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	<p>Commissioner Brummer and Councilor Brick thanked Regional Solutions for the work they did on various projects in Prineville and Madras.</p>	
<p>Regional Water Plan Direction Request</p>	<p>Mr. Aycock asked the Board for feedback regarding the upper Deschutes Basin Working Group proposal. He noted the intent is to build a collaborative process that fulfills the needs of information sharing and coordination to speak to basin water issues both with the public in the basin and externally with state and federal partners. He added that a meeting has been arranged with a small group to review the proposal as well as acquire feedback regarding suggestions or revisions to the list of goals, who can best represent environmental interests at the table, and the best ways to fund the effort and decision making rules, to name a few.</p> <p>A concern regarding habitat conservation was discussed. Mr. Aycock said they have not been tasked with any habitat conservation planning rather his effort is focused on creating a high level set of agreements on water allocation implementation projects, including funding and policy changes.</p>	
<p>Adoption of Special Fund Supplemental Budget</p>	<p>Ms. Baney thanked Ms. Williams, her team, the Budget Committee, and Finance Chair, Bartt Brick for all their work during the Budget process. She noted the organization fell short of meeting the goal to have the budget ready to present to the Committee at least two weeks in advance of the Board meeting but were able to meet earlier in the week allowing the Committee time to review the material, ask questions and get questions answered prior to coming to the Board with a recommendation. She added that the goal is to have the 2020/2021 budget ready for presentation to the Budget Committee in May of next year. Ms. Baney added that the Budget Committee made a recommendation to the Board to adopt the Supplemental Budget for 2018-2019, as well as the Budget for 2019-2020.</p> <p>Ms. Williams reported that the beginning fund balance was changed to match the actual 6/30/2018 financial statement, which was \$36,722 over the originally budgeted fund balance. She explained that \$40,239 was added to the Department of Human Services due to an increase in revenue from Cascades East Ride Center (CERC) Medical Ride Brokerage because CERC provided more medical brokerage services than expected. US Department of Transportation increased \$189,000 in revenue due to a TGM grant received from ODOT. Ms. Williams added that the organization contributed to the match but did not receive the cash thus, she increased the revenue amount in the event COIC has to report the grant on our financial statements. Workforce Investment and Opportunity Act revenue increased by \$186,645 however the increase in Client Job-Training expense was approximately the same amount; therefor it was essentially a wash for the organization.</p> <p>Ms. Williams remarked that the Pacific Source revenue is for a Per Member/Per Month (PMPM) fee for our CERC contract. She added they are expecting to receive at least an additional \$364,082 more than budgeted; with some of the increase coming from the PMPM fee and the other from incentive dollars. Ms. Williams</p>	<p>Motion: Councilor Abernethy made a motion to approve the special fund supplemental budget and appropriations for fiscal year 2018/2019, Commissioner Adair seconded; the motion carried.</p> <p>Action: Ms. Williams was asked to follow up explaining how the 3.5% supplemental budget increase compared to previous years.</p>

	<p>added that during the original budgeting process she did not include the incentive, choosing to be conservative.</p> <p>Ms. Williams stated that overall, total additional revenue is projected to be almost \$780,000 and the projected increase in overall resources is approximately \$817,000 which includes the increase in fund balance.</p> <p>Personnel expenditures were reviewed. Ms. Williams informed the Committee that there were only two changes to the originally budgeted expenditure amount. The original budget for 18/19 included a teacher position however the position was never filled nor was it eliminated from the budget. The other expenditure change was being under budget for medical and dental insurance by at least \$300,000. Ms. Williams said she budgets that all new employees will sign up for medical and dental benefits however some do not enroll.</p> <p>Ms. Williams informed the Committee that the biggest change in expenditures was the \$1.2M added to the contracting line item; the majority of which pertains to CERC. She explained of the \$7.1M budgeted for contracting, \$4.7M is for the CERC Medical Ride Brokerage service. She noted that CERC books rides with independent ride contractors to take qualifying clients to medical appointments. CERC is reimbursed by Pacific Source at a rate of \$7.24 per member, per month however, if a client books a ride every day of the month, CERC would only be reimbursed \$7.24 for that member. Ms. Williams said, in essence, we have a fixed revenue source but a variable cost. She added that under the original budget, contracting was expected to be under \$4M for the CERC department but is now being projected to be around \$4.7M. Ms. Williams informed the Committee that they are currently in contract negotiations with Pacific Source to determine the best approach so that COIC does not take on all the risk alone. Ms. Williams reported that the remaining \$2.1M of the \$7.1M contracting expense is for Cascades East Transit specifically for their Paratransit services as well as cleaning and security expenses with the remaining amount for general contracting expenses.</p> <p>Ms. Williams informed the Board that Community and Economic Development receives grants each year that stipulate a certain amount of funds pass through COIC to other organizations. She added that initially, they did not anticipate having as much pass through and are asking for the budgeted pass through line item to be increased by \$34,226.</p> <p>Overall COIC is requesting a budget increase of approximately \$1.5M for Materials and Services.</p> <p>Ms. Williams reported that COIC owns three properties and is projecting on paying more principal payments than planned; therefore we are requesting an increase in budgeted debt principal payments by \$6,000.</p>	
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Ms. Williams reported that the supplemental budget asks for an appropriation of \$326,746 of contingency funds to be used for operations for 18/19. She added that based on her forecast, the approximate need will be between \$200,000 to \$250,000, however until the fiscal year closes the true amount will be unknown.

Special funds were reviewed. Ms. Williams reported that the majority of the reason for the supplemental reports was due to the change in the layout of reporting specifically, separating the income statement, and balance sheet. The Economic Development Administration Revolving Loan fund invested earnings came in higher than projected; increasing the revenue line item by \$8,200 dollars. On the balance sheet, the budgeted note receivable payments was increased by \$256,000, this is due to COIC receiving more note payoffs in the fiscal year 18/19 than originally planned.

Ms. Williams noted that more interest, payments, and payoffs were received than originally budgeted for the IRP USDA Intermediary Relending Loan fund. In addition, more loans for this loan fund were made than originally expected. She explained that COIC has a note payable for this loan fund and are projecting to make more principal payments than originally budgeted, therefore the budget has been increased by \$1,000 . To summarize the changes, we are projecting to receive \$11,000 more in loan payment interest than originally budgeted, \$900 more in fees and penalties revenue than originally budgeted. We also received \$86,000 more in loan principal payments than originally expected due to unexpected loan payoffs, and we increased the amount of new loans made by \$150,000 due to booking more loans in 18/19 than originally expected.

The Local Job Creation Loan fund is projecting \$1,708 more in interest income than originally budgeted, along with projected charges for services to increase by \$1,500. We are also expecting to receive more in principal payments than what was originally budgeted, the budgeted amount has been increased by \$904.

A question was asked regarding how the 3.5% supplemental budget increase compares to previous years. Ms. Williams added that she would report back to the Board with the explanation.

A question was asked if any of the \$1.5M receivables for loans are delinquent at this time. The Board was informed that Mr. MacKinnon makes very conservative loans. In addition, the Board is given a list of all note receivables in their Board packets.

Chair Brummer entertained a motion to approve the special fund supplemental budget and appropriations for fiscal year 2018/2019; Resolutions 306 and 307. Councilor Abernethy made a motion to approve the special fund supplemental budget and appropriations for fiscal year 2018/2019, Commissioner Adair seconded; the motion carried.

<p>Adoption of Annual Budget and Appropriations for FY 2019-2020</p>	<p>Ms. Williams informed the Board that the Budget Committee engaged in dialog during both the Tues and Thursday meeting, out of that dialog came an update to the capital plan, which each of you has received. She said the specific change concerned the number of buses to be purchased; the price for purchase remained the same.</p> <p>Ms. Williams informed the Board that the increase in Full Time Employees (FTE) of 2.62 is mainly due to staffing for State Transportation Improvement Funds (STIF) projects and services. She added that 2.62 is reflective of some programs getting smaller while others are increasing. Ms. Williams reported the 2% COLA and Merit increase for represented and non-represented staff is contractually required for represented staff. Healthcare costs are projected to decrease by 5% with the savings shared with the employee and employer, and PERS rates are expected to only slightly increase as well as OPSRP. Ms. Williams reminded the Board that while COIC expects PERS rates to increase in the future, by joining the PERS pool, the rate increase in future years should be significantly less than if COIC had remained independent of the pool.</p> <p>A question was raised regarding what percentage of staff are served by OPSRP. It was noted that around 80-85%.</p> <p>Ms. Williams informed the Board that besides loan funds, everything else in COIC is rolled up to a general fund. Beginning with resources, Ms. Williams said they are projecting a decrease in the beginning fund balance due to forecasting, specifically, some of the money will need to be used by the transportation department to support operations in 18/19 due to STIF, as well as the decline in DD53 funds received in 18/19. Closing out the year, she predicts they will be able to add some fund balance from some of the programs.</p> <p>Ms. Williams reported they are projecting a decrease of \$193,000 for the Loan department mainly due to the phasing out of the Oregon Business Development Corporation service contract and the retirement of two loan department personnel.</p> <p>Ms. Williams apprised the Board that the State of Oregon funding had a slight declining of approximately \$83K due to a projected decrease in funding from DHS as a result of programmatic changes. She added the biggest hit for COIC will be with the adult programs funded by DHS however, they are working with our partners to determine how staff can best be utilized and how COIC can serve clients in Central Oregon with the resources that are allocated.</p> <p>County and Local Government funding is projected to increase by \$4.1M, largely due to STIF funding. Ms. Williams said funds received this year will be primarily for projects that do not involve capital, for example,</p>	<p>Motion: Councilor Abernethy moved to approve the Annual Budget and Appropriations for 2019/2020; Resolutions 304 and 305, Commissioner Adair seconded; the motion carried.</p>
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hiring drivers for additional routes.

A question was asked about the County and Local numbers specifically if the Tribes are included. Ms. Williams added they are considered “other government” and if the Board wishes, she will separate out prior to the final published version. The Board agreed to the separation and also agreed they would not need to review the updated material prior to approval.

Ms. Williams noted that Total Federal Funding is expected to increase by \$354K by reason of a projected increase in Federal Transit Administration capital grant opportunity, while the remaining amount will be for operations and transit planning for the City of Bend. Other Grants and Contracts is projected to have a slight decrease in funding by about \$81K chiefly due to the CED department’s projects with Discover Your Forest projected to come to a close in fiscal year 18/19. Total Other Revenue sources are projected to be consistent with a slight decrease of \$41K largely due to the projected decrease in bus fares and other transportation income. Ms. Williams conveyed with the implementation of STIF projects, fares could increase but they chose to be conservative since they only have historical data to use as projections. Total Interest Revenue is projected to increase by \$17K mostly attributable to rising interest rates and Total Revenue is projected to increase by 4.1M while Total Resources are projected to increase by \$4M predominantly due to STIF funding that will be received in 19/20.

Ms. Williams informed the Board that overall there is a projected increase of 1% in Total Personnel Service expenses however, the change is apparent when departments are compared individually. The Adult program is projecting a 4.13 FTE drop, owing to retirements that occurred in fiscal year 18/19 that were not refilled as well as a projected closure of the Madras office to occur during the 19/20 fiscal year. The Youth Department is projecting a decrease of 1 FTE caused by the unfilled teacher position originally budgeted for in 18/19. Community Economic Development department is expecting a decrease in 1 FTE also due to a position remaining unfilled and not carried over to 19/20, and the Loan Department is projecting a decrease of 1.5 FTE due to personnel retirements. Ms. Williams added that there will be an increase in the CERC department by 1.74 FTE by reason of two new positions being added to the budget in order to comply with new state-mandated changes for the Medicaid Ride Brokerage service contract, and CET is projecting an increase of almost 9 FTEs as a result of STIF service expansion projects across the tri-county area.

Materials and Services were reviewed. Ms. Williams reported that COIC is projecting materials and services costs to increase by \$1.3M largely owing to the increase in contracting expense pertaining to the CERC Medical Ride Brokerage department. She added that management is in contract negotiations with Pacific Source regarding services provided, how the business line is structured, and what changes could be made to reduce COIC’s financial risk while also getting the desired results that Pacific Source seeks. She added that the Board

	<p>will be provided with updates once they determine the implementation plan for the new Coordinated Care Organization 2.0 requirements and how the program will be affected.</p> <p>Ms. Williams reported that COIC was projecting a slight increase in Client Job Training, however after the budget went to print, COIC was made aware by the ECWIB that actual funding as of now for the Adult and Youth programs is a bit different than budgeted. The Adult program came around \$80K over what was budgeted for revenue, while the Youth program came in about \$80K under what was budgeted. Ms. Williams added as the fiscal year closes, sometimes other regions don't spend all their allocated resources and the ECWIB is able to reallocate those resources. Ms. Williams explained that currently, COIC can afford to pay for all the Youth WIOA staff however, the projected client training dollars will take the hit. Ms. Williams conveyed that management and fiscal staff are working together with ECWIB staff to mitigate these issues as much as possible and will keep the Board informed of any programmatic updates as they become available.</p> <p>Ms. Williams reported that Capital Outlay is expected to increase by \$2.8M with almost all of the capital outlay projects occurring in the CET transportation department; some STIF related, others ODOT or FTA related. She added that the Board was recently informed about a low emission bus grant opportunity, and while the grant is still in the application phase it was added to the budget. Ms. Baney noted that if the organization is awarded the grant, the Board has the opportunity to decline.</p> <p>Ms. Williams informed the Board that the Economic Development Administration Revolving Loan Fund had been broken down into an income statement and a balance sheet. Revenues are projected to decrease as a result of unexpected loan payoffs as well as the retirement of some loan department personnel. Expenditures are projected to decrease due to the retirements as well. Ms. Williams noted they are projecting the loan fund to have \$732K in cash to loan at the end of the next fiscal year however if the \$200K budgeted for new loans receivable does not occur, then the revolving loan fund will have approximately \$932K in cash to loan. She added that management is currently working with the Board to determine what the revolving loan funds will look like in the future.</p> <p>Ms. Williams remarked that revenues from the USDA Intermediary Relending Program IRP loan fund are projected to increase mainly due to the Loan department making more loans in 18/19 than originally expected. Expenditures are expected to decrease due to personnel retirements, and cash available for loans at the end of 19/20 is projected to be \$296K. Ms. Williams added that if the \$200K budgeted for new loans is not made, then COIC will have \$496K in cash to loan out. She added that COIC pays 1% interest on the USDA IRP loan. Ms. Williams reported that they are working to keep the loan program going however if they did pass it on to another organization, the other organization would assume the debt.</p>	
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Ms. Baney added that the organization will be presenting options to the Board in August for what the Loan Department might look like going forward specifically, which of the programs the organization will retain. A question was asked about how much discretion the Board has with the loan program. It was noted that Mr. MacKinnon is working with administration to provide choices based on restraints so the Board can fully understand options prior to making recommendations.

An inquiry was made regarding the entities receiving loans from COIC. It was noted that included in the Board packet, are a list of entities receiving loans from the organization.

Ms. Williams said revenue and expense are expected to remain consistent with the Local Job Creation Fund. She added the only note receivable for the fund is from COIC for the Hawthorne Station Intermodal Center and COIC is projected to have \$92K in cash available for loans at the end of the fiscal year 19/20.

Concerning Building and Capital Reserve, the Board was informed that COIC owns three buildings and each department housed in each location are charged monthly rent based on depreciation and note payable interest which is then allocated to the department by their square footage used. The funds are used to pay down the debt on the buildings, if any, as well as create a reserve for major repairs.

Ms. Williams noted that around 99% of the Capital Equipment Expenditures planned for 19/20 are for CET with the remaining 1% for IT. She added that anything administration purchases are allocated out to the other departments indirectly.

Ms. Williams reviewed the Reserve Fund proposed budget with the Board. The calculation and cash flow cycle for each department was reviewed, specifically how much cash reserve each department needs. For example, she noted most of Economic Development department's grants and contracts are expense reimbursement contracts that need payment upfront, getting reimbursed after the fact thus, two months cash reserve is necessary for that department. Moreover, the Transportation Department bills quarterly oftentimes taking between five to six months to receive payment thus, a cash reserve for 4-6 months is needed. Ms. Williams said that in perfect circumstances, the organization would have enough necessary operating contingency however, they are meeting all requirements for grants and contracts.

A question was asked about the building fund and it was noted that no expenses go into the building funds besides debt.

	<p>Ms. Williams reported that it is necessary for the board to understand the efforts, challenges and potential changes that could be coming down the road for the Cascades East Ride Center department. She reported that she, Ms. Baney and Mr. Derrickson, the CERC manager, had a meeting with Pacific Source to start the contract negotiations process regarding the new state mandated changes being passed down from the state to the Medicaid ride brokerage program which will become effective 1/1/20, how all these changes will affect the program as it is currently, and what changes may be necessary to comply with all the new state mandated compliance requirements, as well as mitigate some of the current risks that COIC has shouldered to come up with a more sustainable model.</p> <p>Ms. Williams explained that financially, numbers are based on budgeted provider costs, along with staffing costs to run the program. Projecting a flat funding model from Pacific Source, CERC has a budget shortfall of \$279K or a budgeted unknown of \$279K. As of now that unknown is not called out in the budget due to the program needing to have a balanced budget, and the program not having the necessary reserve amounts to cover this unknown. COIC is in current negotiations with Pacific Source to solve this problem along with also working with them on making sure that we earn our incentive for calendar year 2019, which is a max of \$500,000. Ms. Williams assured the Board that the COIC management team along with the finance committee chair are very actively working to solve this problem, and will plan on keeping the Board up to date as more is known.</p> <p>Councilor Brick reminded the Board that he is grateful COIC is in negotiations with a willing partner to work towards a solution.</p> <p>Ms. Baney informed the Board that managers are in attendance in the event anyone had specific budget questions pertaining to their programs.</p> <p>Chair Brummer thanked administration and the Budget Committee for their work on the Budget. He noted that it was easy to understand. Ms. Condit noted that she appreciated receiving the budget in advance of the meeting.</p> <p>Chair Brummer entertained a motion to approve the Annual Budget and Appropriations for 2019/2020; Resolutions 304 and 305. Councilor Abernethy moved to approve the Annual Budget and Appropriations for 2019/2020; Resolutions 304 and 305, Commissioner Adair seconded; the motion carried.</p>	
Financial Report	<p>Ms. Williams reported that the numbers reflected on the financial report for April do not reflect the recently approved budget and supplemental budget which will true up the contracting numbers.</p>	<p>Motion: Councilor Abernethy moved to approve the financial</p>

	Councilor Abernethy moved to approve the financial reporting for April, Commissioner Adair seconded; the motion carried.	reporting for April, Commissioner Adair seconded; the motion carried.
Regional Round Table	Those in attendance reported on events, activities, concerns and opportunities in their respective areas. Ms. Baney reminded the Board that they might not be aware of all the resources there are in the region but communicating via a roundtable may reveal opportunities for resources or ways to leverage resources.	
Other Business / Announcements	<p>Ms. Baney reported that COIC is working with Councilor Abernethy to address the Hawthorne Neighborhood Association concerns; working together to find amicable solutions.</p> <p>The Board was informed that a new COIC Board member was recently appointed, Thomas O’Shea will represent Tourism and Recreation.</p> <p>Ms. Baney reported that while the current educational opportunity has sunsetted in Redmond, they continue to work with the Redmond School Superintendent on new opportunities such as using the Redmond facility as a hub to serve students from Culver or Madras.</p> <p>Ms. Baney reported that COIC is working with our Worksource partners to ensure we will be able to continue to serve clients in Madras and Prineville even though many of the services will be of limited capacity.</p> <p>Ms. Baney informed the Board that conversations continue with PacificSource regarding the CERC contract and she will update the Board with any developments.</p> <p>Ms. Baney added that the Board will be presented with loan options for consideration at the next meeting.</p> <p>The Board was reminded, due to the 4th of July holiday, the next meeting will be Thursday, August 1.</p>	
Adjourn	There being no further business, Chair Brummer adjourned the meeting of the COIC Board of Directors at 7:29 pm	