

TSCC Meeting Minutes

April 15, 2020

Via Telephone conference call

Commissioners Barringer, Ofsink, Norton, Wubbold, and Quiroz were present as were Executive Director Craig Gibons, Budget Analyst Tunie Betschart all via telephone conference call.

Chair Barringer convened the TSCC Regular Meeting at 12:05

1. Chair Barringer approved the February 3 meeting minutes.
2. Craig Gibons reviewed the TSCC FY20 budget included in the packet. Many things have changed with the COVID-19 pandemic and the Governor's "Stay at Home" mandate. Mr. Gibons explained some necessary expenditures to enable staff to effectively comply with the order.
 - a. The cost of hiring a new Executive Director has been removed
 - b. He purchased a new laptop computer to enable him to work from home.
 - c. A battery backup was purchased and installed to maintain office server and computer in the event of a power outage
 - d. Expenditures were added to cover Information Technology contractor's response to TSCC office computers due to server/modem malfunction.

Mr. Gibons included an additional \$1,000 to the contract with Datacuity for assistance and process improvement data input support to the contract with Datacuity for consultation.

3. Process for holding the Spring Budget Hearings while obeying the Governor's mandate to Stay at Home was discussed.
 - a. The responsibilities of TSCC were identified. It was agreed that TSCC has an advisory role to the districts and also a responsibility to the public to ensure districts are held accountable to have a plan to get through this pandemic. So during the review/hearing process the commissioners should make sure they are aware of the possibility of the decrease in revenue streams, and have a plan to compensate for this, especially if their debt is tied to the vulnerable revenue streams.
 - b. Commissioner Norton had provided a memo with suggestions about the Hearing. (See attached memo)
 - c. It was decided to request all small districts to give a brief (not more than 2 pages) written response to a couple questions as part of the Approved Budget review process this year. This request should be sent out immediately to all small. Mr. Gibons will let the districts that have submitted their budget already that they will need to answer these questions prior to the certification of the budget. The questions need to be short; one about the effects of COVID-19 on the current budget and what

changes may result; and one on how it will impact the 2020-21 budget and how the district will compensate for these changes.

Commissioner Ofsink moved to take this approach with all smaller districts. Commissioner Norton seconded the motion which carried with a unanimous vote.

- d. For the large districts it was decided to limit questions to really important ones and have fewer prepared questions this budget season.
 - a) Open with the same two COVID-19 questions for each district (plus debt for revenue bonds if applicable) for each hearing;
 - b) ask any continuity questions from last year's hearing if this applies;
 - c) followed by district specific questions, topical or possibly capital questions. These will be worked out at the commissioners' regular meetings to discuss the district's budget.
 - d) the total questions should be held to 6 if at all possible.

Commissioner Ofsink moved to follow this protocol for the budget hearings limiting the questions to 6. Commissioner Wubbold seconded the motion which passed with a unanimous vote.

- e. The virtual meetings were discussed and who is responsible for setting up the virtual meeting. Commissioner Ofsink felt it would be best if staff were to set them up and save them to the web site. He offered to help set up the Zoom meetings with Mr. Gibons. During the discussion it was brought out that most large districts have these in conjunction with their board meetings and they may want to use their own system. Mr. Gibons will contact the districts and see what the districts prefer. If a particular district's setup does not work for us, we will have to set up something that works for TSCC hearings. But we do not want to intentionally add more uncertainty to the districts process.
 - f. The suggestion was made that TSCC purchase a Zoom subscription to facilitate the Regular meetings of the Commissioners.
4. The Approved Budget reviews for Multnomah RFPD #10 was discussed
 - a. The district has a healthy reserve and only expects a few people unable to meet the property tax requirements so little impact on their revenue stream.
 - b. It was decided as discussed earlier that the certification of their budget will be deferred until after the commission receives the answers to the questions.
 5. TriMet's review was discussed. Their hearing will be held May 27, 2020. TriMet's questions were discussed at length.

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- a. The first 3 questions for TriMet will be the COVID-19 questions. Their debt is revenue backed.
 - b. Then the continuity question, what is this doing to the vehicle replacement and the conversion to alternative fuel.
 - c. What will their priorities be for their capital projects program given the new environment?
 - d. How will you boost recovering ridership following this pandemic?
 - e. How has not accepting cash effected the targeted Equity & Inclusion groups that TriMet really cares about?
6. With all that is going on with the pandemic it has been decided to postpone the TSCC's 100 year celebration for a year.
- a. Commissioner Wubbold will postpone doing the Op-Ed until a later date.
 - b. The letter will still be sent to the larger districts prior to the hearing.
7. The schedule for regular meetings and Approved Budget Hearings was revised since we will be switching to a Zoom format and we could have as many as 6 small districts for the commissioners to review and certify. Mr. Gibons will send out a Doodle poll to determine the date and time of the next meeting.
8. Chair Barringer adjourned the meeting at 1:38 pm.

Attachments:

Memo dated April 13, 2020 from Commissioner Norton

Approved by Commission at April 29 meeting



Craig Gibons

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Fellow Commissioners:

Since teleconference meetings are always a bit more difficult than our in-person meetings, especially for our minute-taker, I have the following comments to share on the upcoming budget hearings and certifications.

Proposal for SMALL districts:

For the SMALL districts, I think there is a mix a property tax-reliant and fee-reliant small districts. The Multnomah RFD is an example of the first; the Mid County Street Lighting, the latter. In either case, what's at risk is less complex for us to understand and, presumably, for the districts to manage.

If the commission desires to approach the small districts on the Covid-19 circumstances, I would propose asking for a brief written response prior to certification. We should be clear that we want a brief response, and it can be submitted by the board or someone authorized by the board.

Under the current state emergency declaration:

1. in the current year ending June 30, are you expecting any year-end budgetary problems arising from revenue shortfalls or unanticipated expenditures due to the Covid-19 situation? If yes, what adjustments are you planning?
2. For the upcoming FY 2020-21 budget year, what is your greatest vulnerability if the economy remains stalled? How will you deal with it?

LARGE Districts (hearing required)

TriMet is not property tax reliant , but payroll tax/business activity dependent. The Port is business activity/earned income driven. General purpose districts like the City, County and Metro are a blend of property tax, business-related tax and fee income, and all have heavy debt commitments. PPS is a blend of state and local dollars while the ESD is both property tax and school district service buyer-dependent.

My point is that while we may be able to figure out a one-size fits all approach for the small districts, the large districts may take some tailoring.

I think we have an obligation to inquire into their budgets as we normally do, with some modification. I think we owe this to the citizens, and I don't want to erode what little muscle we have for the future by signaling that we can skip over the budget when we want.

So I favor the trimmed normal process of a more limited number of district-specific pre-released questions, with an eye to vulnerabilities from a slow economy, plus some relevant Covid-19 questions, also prereleased, which are reasonably similar across the districts and more revenue focused. For me contingencies are for expenses, and for FY 2020-21 I think the problem is going to be revenue collection.

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Specific Covid 19 questions for large districts

I would follow the line of the small districts' question that I proposed, covering first the current year and then the upcoming budget year. And I want to be clear that we are asking everyone these questions, recognizing that different districts are impacted and will respond differently.

Here's my thinking. What's happening in the remainder of the current year – like eating fund balance for unanticipated expenses which may or may not be reimbursed by someone else (the feds? state?) sometime in the future. [As a side comment, I think folks have been checking in with Craig and I think the state emergency declaration provides a lot of cover for technical budget violations for 2019-2020.]

For the upcoming year, I think we want to know about the largest vulnerabilities. But I also think we want to probe about how the governing board is going to stay on top of revenue collections so interventions and decision making will be timely and not a big mess next March when the next budget is being rolled out.

Here's my stab at the Covid emergency situation:

1. in the current year ending June 30, are you expecting any year-end budgetary problems arising from revenue shortfalls or unanticipated expenditures due to the Covid-19 situation? What impact will this have on your ending fund balances that are not yet reflected in upcoming budget ?
2. For the upcoming FY 2020-21 budget year, where are your greatest vulnerabilities if the economy remains stalled? How will you monitor and respond timely if revenue collections go off track or if unanticipated service requirements continue?
3. Specifically, are any debt service revenue streams at risk? What is the coverage plan?

[For the city, county and Metro I am concerned about room tax that is pledged to debt service. The intergovernmental agreements are clear that debt service has to be covered first. If collections are seriously low but sufficient for debt service, what then are the operational impacts. And if the collections are so seriously low as to be insufficient for debt service, Yikes. That will be a real problem!]

For the normal budget questions, I think we develop those as the reviews come out. And the "normal" questions and answers may be nuanced by the current situation.

For TriMet, the large district that we have, I'm interested in the topics of:

1. Will the current situation slow down the conversion of the fleet from gas/diesel to alternative sources? Will the capital construction stay on plan, and specifically the new bus garage on NW Columbia?
2. What contractual obligations does the district have for WES? In a service reduction, will WES be a victim or a survivor?

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3. HOP is a success. So why has fare recovery percentage on the bus lines gone down?