



***Finance Committee Members***

*Rick Baker, Gary Carey, Stephen Kepley (Chair)*

**FINANCE COMMITTEE**

**Wednesday, February 20, 2019, 4:00 p.m.**

**Rapid Administrative Office, 300 Ellsworth Avenue, SW**

**AGENDA**

PUBLIC COMMENT

1. MINUTES – November 6, 2018
2. DISCUSSION
  - a) FY 2018 Audit – John LaFramboise, BDO Seidman (report previously provided)
  - b) Pension – Troy Schnabel, Watkins Ross
  - c) Budget Process\*
  - d) Cash Management\*

\*Documentation for these items will be sent separately prior to the meeting.



**MINUTES OF  
FINANCE COMMITTEE  
November 6, 2018**

ATTENDANCE

Committee Members Present: Gary Carey, Stephen Kepley (Chair), Michael Verhulst

Committee Members Absent: None

Staff Present: Michael Bulthuis, Robin Crothers, Andrew Johnson, Linda Medina, Brian Pouget, Dina Reed, Mike Wieringa

Others Present: John LaFramboise (BDO Seidman), Watchdog Miller

Mayor Kepley called the meeting to order at 4:01 p.m.

PUBLIC COMMENT – no comments

1. MINUTES

There were no minutes to approve since this is the first meeting of the Finance Committee.

2. DISCUSSION

a) FY 2018 Audit Plan

Mr. LaFramboise from BDO Seidman reviewed the plan for the FY 2018 audit including their responsibilities, the audit strategy and scope, the overall timeline along with significant accounting and reporting matters. He answered questions from the committee and noted that the audit should be complete in January or possibly sooner.

Mayor Kepley noted that he would like the Finance Committee to discuss cash handling and internal controls at a future committee meeting.

b) Pension

1) Investment Strategies:

Mayor Kepley stated that the Board hired AndCo to handle pension investment strategies for The Rapid. He mentioned that the Administrative pension board is made up of the Board's Finance Committee along with Brian Pouget and Dina Reed from The Rapid's leadership team. The Union pension board includes Brian Pouget, Dina Reed and two Union representatives.

A handout was distributed by Mayor Kepley on the funding status of both pensions.

Finance Committee members will be invited to the next pension board meeting.

Mayor Kepley provided investment policy statements to the committee members for their review.

Discussion was held regarding investment strategies for the pension plans. Mayor Kepley stated that he wanted to get them 100% funded as soon as possible.

c) FY 2018 Year-End Report:

Ms. Reed reported that as of 9-30-18 they are still doing journal entries. The numbers provided in the report in the agenda packet are preliminary. Year-end is going well and she did not expect any surprises going forward.

Mayor Kepley noted that fuel & lubricants is up. Ms. Reed commented that the per gallon rate in the budget was too low. Part of the increase was consumption but is was mostly the per gallon rate.

Staff answered additional questions from the committee on the year-end report.

d) Review Cost of Living Increase:

Mayor Kepley stated that the recently completed compensation study for administrative employees includes an annual cost of living increase.

Mr. Pouget noted that the compensation philosophy was provided in the agenda packet which talks about adjusting the salary structure every year based on the market trend to ensure ongoing competitiveness with the labor market. This year's increase was 2.6% based on the labor market statistics, however, this

level is not sustainable over time. A major effort was to get employees to the mid-point of their range.

Mayor Kepley stated that we need to find out what other governmental units are doing and develop a logical evaluation process to come to the appropriate number. This determination would take place during the budget process in April/May. He noted that the Finance Committee will discuss the cost of living issue at subsequent meetings. We need to develop a good process to make sure our employees are paid a competitive wage.

Ms. Reed commented that, in her experience, a market survey is done every 3-5 years to determine which, if any, job classifications need to be adjusted.

Mayor Kepley indicated that he would like to see ranges move every year at a smaller percentage. Having appropriate wage ranges becomes evident when HR has difficulty hiring for certain positions.

For the next Finance Committee meeting on January 8, 2019, Mayor Kepley asked that information be provided on potential ways to determine cost of living type adjustments to the ranges and on what schedule. He would like to develop this process prior to the next budget cycle. The adjustments need to be sustainable and justified.

e) New Revenue Streams – CNG Retail

Mr. Johnson stated that we have encountered FTA regulation hurdles to get additional compressors in place at the CNG station. These are for future CNG retail sales by a third party provider as well as ongoing Rapid fueling.

In response to a question from Mayor Kepley, Mr. Pouget stated that the Purchasing Department is working on the RFP for retail CNG sales. Ms. Reed mentioned that the RFP would likely be out in about two months but this is contingent upon resolution with FTA.

Mr. Johnson stated that we are looking into advertising possibilities on the platform and sponsorship for the Silver Line.

Discussion was held on park-pay-ride concepts for the BRT lines and looking at new and innovative revenue programs being done elsewhere. Mr. Carey noted that the City of Walker is doing a parking study in the Standale area.

Mayor Kepley indicated that the Future Planning & Technology Committee should evaluate the Walker parking study results when they are available. They need to talk about potential revenue sources.



There was discussion about whether FTA would allow us to charge people to park in the Silver Line parking lot. Mr. Pouget felt that that it would not be allowed.

Mayor Kepley stated that discussion needs to continue regarding future revenue possibilities.

### 3. OTHER

#### a) Move to Rapid Central Station

In response to a question from Mayor Kepley, Mr. Johnson stated that staff is analyzing a possible move to Central Station from the Ellsworth Building. We need to determine what the Ellsworth Building is worth as a lease or for sale. Colliers is working on getting this information.

Mr. Johnson indicated that everyone in the Ellsworth Building will not fit into Central Station unless, as an example, the Special Services (GO!Bus) Dept. was moved somewhere else. We have done a test fit and it is very crowded. We are looking into other opportunities to lease Rapid Central Station space. This matter is still being evaluated.

Mayor Kepley stated that this could be a potential revenue stream.

#### b) FY 2020 Budget Schedule

Ms. Reed reported that budget preparation begins in April/May. The Finance Committee will need to determine budget parameters, which have previously been referred to as budget formulation guidelines.

In response to a question from Mayor Kepley, Ms. Reed commented that the new Abila software will eventually make things easier. We hope to fully implement by the end of 2018.

#### c) Committee Meeting Schedule for 2018 – Day, Time and Frequency

Following discussion among the committee, it was decided that Finance Committee meetings will be scheduled on the third Wednesday at 4:00 p.m. in February, May, July and November. Meetings can be added to the calendar if it becomes necessary at any point.

#### Chair's Comments

Mayor Kepley mentioned that a draft of responsibilities needs to be developed for the Finance Committee.

The meeting was adjourned at 5:22 p.m.

Robin Crothers  
Robin Crothers, Board Secretary