

OREGON STATE LANDSCAPE ARCHITECT BOARD (OSLAB)

MEETING MINUTES

March 6, 2013

Association Center, 707 13th St. SE
2nd Floor, Conf. Room "A"
Salem, OR

Members Present:

David Olsen, Landscape Architect, Chair
Kathleen Olsen, Public Member
Stephen Ray, Landscape Architect
Susan Wright, Public Member
(One RLA position vacant)

Members Excused:

Lauri L'Amoreaux, Landscape Architect
Ron Nichols, Public Member, Treasurer

Staff Present:

Christine Valentine, Administrator
Marilou Arrobang, Registration Specialist

Visitors:

None

Chair Olsen opened the meeting at 9:04 AM. The Board quickly reviewed the agenda and then proceeded to discuss the 2013-2015 proposed budget. Administrator Valentine provided a brief overview of the meeting packet contents:

- Budget Assumptions
- Proposed 2013-2015 Budget
- Personal Services Budget Detail
- Current Financial Statement
- Current Balance Sheet
- Reserve Funds Analysis
- DRAFT Reserve Funds Policy
- Proposed Rule Language
- Proposed Rulemaking Schedule
- 2011-2013 & 2013-2015 Budgets
- Feb. 8, 2013 Draft Mtg. Minutes
- Feb. 8, 2013 Flipchart Notes
- Board Goals – DRAFT

The Board discussed the proposed budget in detail, with primary focus on the following discussion topics. Board directions to staff and decisions are noted.

The Board quickly reviewed the revenue assumptions. The only concern noted was about the use of reserve funds to balance the budget. Valentine agreed to cover this issue in some detail in relation to discussion of the anticipated 2013-2015 expenses. The Board agreed to this approach and discussion turned to the expense side of the proposed budget.

With respect to personal services costs, Valentine explained how the estimate was prepared and how best available information about salary and benefits costs was used. She explained that legislative action on PERS in the current session or state contract bargaining could influence the final benefits package offered by the Oregon State Board of Geologist Examiners (OSBGE) to employees and this would in turn impact the contract cost for OSLAB. The cost could go either way, however, she thought it was more likely to go down if anything. She stated that the amount shown in the OSLAB draft budget would cover ½ of the projected staffing costs and presumes continuation of the OSBGE-OSLAB interagency agreement (IAA). The Board again confirmed its intent to proceed with the IAA for another biennium and discussed details about the IAA such as deadlines, existing language, and possible changes to the agreement. The Board decided to put the IAA on the agenda for review and discussion at the May 10 quarterly meeting. Valentine stated that OSBGE would likely look at the IAA at its May 31 quarterly meeting.

Valentine next addressed how a reserve funds analysis is a new step in the budget process this time. The budget does presume the use of reserve funds to balance the 2013-2015 budget. Reserve funds include “carryover” or remaining funds from 2011-2013 and other reserve funds in existing Board accounts. She further explained that the draft Reserve Funds policy was included to help explain the philosophy behind looking at reserve fund management as part of the budget process. She was not anticipating the Board would be ready to approve the Reserve Funds policy, nor was this necessary as part of budget adoption.

K. Olsen spoke to how the 2013-2015 budget was developed. The budget is based on review of actual revenues and expenses and not on the 2011-2013 anticipated budget. She noted that it is important to look at where the Board actually spent money vs. just at what was proposed budget in the last budget. She explained that it is not good practice to just increase the last budget for inflation. She and staff went through a re-evaluation based on actuals plus anticipated expenses. She stressed that the key is for the Board to check the assumptions used. If the Board does not agree with those, then the draft budget will need adjustment.

Before reviewing the assumptions, the Board returned to discussion of carryover and reserve funds. Valentine and K. Olsen explained where these funds were shown on the budget documents and that the carryover and other reserve funds really are all co-mingled in the Board’s checking and other accounts. Wright and Olsen expressed concern about expenses exceeding projected revenues and asked for Board discussion of the approach of tapping reserves to balance the budget vs. raising fees. Olsen noted the percentage coming from the reserve seemed high and wondered at what point the Board should look at raising fees to reduce the amount of reserve funds tapped. K. Olsen and Valentine discussed some work they did to analyze OSLAB fees compared to other boards and other states. The Board discussed the pros and cons of raising fees and carefully examined the health of the reserve funds. Several options were discussed: no fee increases for 2013-2015 due to available reserve, incremental increase in fees for 2013-2015 to reduce impact on reserve, or start communications now about likely fee increases for 2015-2017.

Valentine explained how she arrived at the recommendation to manage to a six or nine month reserve and how the Board will surpass this goal even under the proposed budget. K. Olsen agreed with Valentine

that the Board needs to have a strategy for management of reserves vs. just keeping funds in a reserve account without any guiding principles. Valentine offered that the Board could manage to a twelve month reserve if that is a more comfortable level based on Board concerns about unanticipated expenses. She suggested that the Board link future fee increases to its management of reserves. This will help the Board explain the need for future fee increases to registrants.

The Board decided to not alter the proposed budget to include fee increases for 2013-2015. Valentine noted that this decision could be revisited during the biennium if conditions warrant by going back through the rulemaking hearing process. The Board discussed how registrants need to be informed about how good fiscal management in the past has resulted in not having to raise fees at this time. The Board could start to talk about how the need for fee increases is likely to come not much farther down the road though, i.e. 2015-2017.

Valentine and K. Olsen then proceeded to walk the Board through the rest of the major budget assumptions on the expense side. Each assumption and the line item(s) associated with it were discussed in turn, and the Board decided whether the proposed amounts needed adjustment.

Key changes made to budget line items were as follows:

- Stipends/In-State Travel: budget line items estimated based on status quo, and the Board decided to increase to accommodate more meetings, as the possible need for additional meetings continues to be a topic of discussion. Individual stipend amount was not increased from \$50 although total stipend paid would increase if more meetings occur.
- CLARB/Other Mtg. Registrations: budget estimate based on two board members attending CLARB meetings per year. The Board did not change that but opted to increase this line item to allow for sending Board members to other types of meetings such as trade shows or local government conferences.
- Newsletter: budget estimate based on status quo printing costs with modest inflation and some limited design services. The Board increased to accommodate possible new outreach tools, e.g. perhaps creating and running a Facebook account or otherwise gear up for entering the world of social media.
- Software/Hardware: budget estimate based on contingency/emergency repairs. The Board increased to ensure sufficient funding for upgrades that might become prudent given the constant change in technology. The Board also encouraged staff to purchase a color printer/scanner instead of relying on outside service provider for color documents.
- Training: budget based on status quo practice of limited training for staff and no specific training identified by Board for Board members. The Board requested an increase so that staff and Board members can have more opportunity to identify and complete appropriate training.

Other key topics discussed but where budget line items were not revised:

- Legal: The Board discussed how need for legal assistance would increase for 2013-2015 in relation to the Board's proposed work plan. The Board concluded that the increase included in the proposed budget was a reasonable estimate but noted the need to carefully monitor actual expenses during the biennium.

- Investigator: The Board continues to support pursuing an interagency agreement with the Oregon Board of Architect Examiners for a shared investigator. Valentine provided an update on her discussions with that Board's administrator. The Board discussed whether to pursue an agreement with a set amount per hour where OSLAB only pay for hours invoiced or whether to commit to funding a set FTE percentage as was used in the proposed budget. The Board concluded that it should have sufficient work in 2013-2015 to fund a set FTE percentage.
- Financial Audit/Review: The Board discussed the statutory requirement to complete a financial review or audit for each biennium and the differences between these evaluation tools. Valentine shared current information from the Secretary of State (SOS) and Legislative Fiscal Office (LFO) regarding audits and financial reviews. This included explanation of how SOS requested notification of which option would be pursued before the close of March and how LFO recommends additional risk assessments be completed in conjunction with financial reviews. Valentine explained how cost estimates were developed. She also explained the history, including how financial reviews were not allowed prior to the analysis of the 2009-2011 budget, which was the last one completed. At that time, the Board opted to try the new financial review option. The Board discussed how it might be a good policy to alternate between audits and financial reviews on some regular schedule as these tools offer different values to the Board. The Board discussed opting for a financial review for the analysis of the 2011-2013 period so that it could assess the feasibility of accomplishing some of the risk assessments recommended by LFO. It could then have an audit completed for the 2013-2015 period and after that alternate between reviews and audits. The Board recognized as a challenge the uncertainty that exists about what exactly LFO expects in the scope and scale of the various risk assessment pieces and how this may remain unclear until LFO reviews the next biennial report, i.e. after the review and risk assessment work is complete. The Board would like to utilize the same firm for the financial review as last time if feasible.
 - *K. Olsen moved to notify SOS that the Board will contract for a financial review for the 2011-2013 budget period and will try to incorporate some of the risk assessments recommended by LFO into that process. Chair Olsen seconded and then called for discussion. Hearing none, he asked for a vote, and all approved.*

(Chair Olsen called for a break at 11:30 AM. He reconvened the Board at 11:45 AM)

- Professional Services: Valentine explained how the budget line item was estimated and why it is increased substantially above 2011-2013 actuals. She took into account the proposed work plan of the Board including potential contracts for facilitation, assistance with outreach, more technical reviewers, etc. The Board discussed how it had no precedent for determining the potential costs for some of the new work being considered and ultimately decided to not make changes but to closely monitor actuals for this line item during the biennium.

As a related conversation, Chair Olsen referred to the Board's proposed Request for Qualifications (RFQ) for technical reviewers and indicated he had a few comments on this draft. Valentine stated that she was not anticipating the Board would review and discuss this document at this meeting so did not include it in the meeting packet. She reminded the Board about how the concept was approved at the November meeting and

staff asked to work with Counsel, Wright and Olsen on development of the RFQ. Olsen provided his comments to Valentine, and the Board opted to hold the RFQ until it could be discussed in more detail by the Board at the May 10 meeting.

Based on the above discussion, Valentine went over the revised revenue and expense subtotals and grand totals for the proposed 2013-2015 budget. The revised amount for total expenses came to \$388,625, and approximately \$66,000 would be needed from carryover/reserves to balance the budget. The Board also confirmed necessary revisions to the operating budget rule.

The Board noted that no one was present provide public comment.

- *Olsen moved to approve the final Draft Version 4 and associated rulemaking action with inclusion of the line item adjustments edits made on 3/6/2013 for a total budget expense of \$388,635 and reserves use of approximately \$66,000. K. Olsen seconded. Chair Olsen called for discussion and hearing none called for a vote. All approved.*

Chair Olsen noted that the proposed reserve funds policy would be added to the May 10 meeting agenda. K. Olsen asked staff to provide a list of current CD amounts and maturity dates to help inform that discussion. Chair Olsen then concluded that the Board did not have sufficient time to cover the agenda item for Committee and Administrative updates. He asked if there were any announcements before the Board adjourned. Valentine shared that the Oregon Landscape Contractors Board continues to be interested in setting up a next meeting to continue discussion of practice overlap and other issues of mutual concern. They have asked about several potential meeting days in May. The Board tentatively agreed to this proposal, and Valentine will work with Chair Olsen to settle on a specific date.

Wright asked for an update on Board member recruitment. Valentine stated that one interest form has been submitted by a landscape architect and that she has two other landscape architects interested in coming to the May 10 meeting due to interest in possibly serving on the Board. She also stated that she has several individuals to contact regarding service as a public member. She is hopefully that additional applications for Board membership will be forthcoming in the next several months.

Chair Olsen adjourned the meeting at 12:30 PM.

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The minutes of the March 6, 2013 meeting were approved as presented at the May 10, 2013 Board meeting.

Respectfully submitted,

Christine Valentine

Administrator