

MONDAY, 7:00 A.M.

December 13, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by chair Donna McCain at 7:05 a.m.

ROLL CALL:

Present: Donna McCain
Alan Larking
Barbara Secor
Bert Pennock

Others Present: Donna Proctor, Mayor
Duane Cole, City Manager
Kathy Tri, Finance Director
Diane Padilla, Assistant Finance Director
Neil Erickson, Grant Thornton
Donna Thompson, Grant Thornton

NEW BUSINESS: Kathy Tri began by introducing the City auditors to the Finance Committee. She then reviewed the contents of the document. She indicated that this is still a draft not a final draft. The committee is welcome to comment and ask questions between now and December 17. She indicated that the document begins with a letter from Diane Padilla and herself and she would be interested in comments from the committee on the letter. She then discussed the organization of the financial report. Duane Cole also discussed the rules of the finance committee and council in reviewing the financial report.

Neil Erickson then preceded to review and comment on the annual financial report, beginning with a review of the table of contents. He then reviewed the general purpose financial statements and discussed the organization and content. He reviewed the other combining statements, notes on long term debt and the defined benefit pension plan, the supplementary data for the general fund special funds, capital project funds, debt service funds enterprise funds and related information at the end of the document.

Neil Erickson also indicated that he will be presenting a management letter which will include comments on the improvements to the city's fixed assets system, and the city's accounting system. He indicated that he will be recommending that the city conduct a needs assessment on the general ledger accounting system and at some point the city needs to consider improving computer software and possible related hardware. Duane Cole added that while the needs are there they will be evaluated along with other needs for the departments through the budget process. Kathy Tri added that she and her staff will begin doing some analysis of the computer system, and will begin contacting other cities for their needs analysis and will be including a request with the budget for

1994/95.

Next Meeting: Committee discussed the December 27 meeting. Several members indicated they would not be available to be at that meeting. They then discussed what might be on the agenda and felt that the meeting could be postponed to early January. If necessary it would be possible to meet before the budget committee meeting on January 6. MOTION: Burt Pennock/Larking move not to have the meeting on December 27. Vote On The Motion: passed by those present.

The Adjournment: The committee adjourned at 8:10 a.m.

MONDAY, 7:00 A.M.

NOVEMBER 29, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by chair Donna McCain at 7:08 a.m.

ROLL CALL:

Present: Donna McCain
Bert Pennock
Barbara Secor
Alan Larking

Others Present: Donna Proctor, Mayor
Kathy Tri, Finance Director
Duane Cole, City Manager
Bob Tardiff, Police Chief
Merlin LaJoie
Marvin Schnieder
Steve Donovan

MINUTES: The minutes of the October 25, 1993 meeting were presented. MOTION: Barbara Secor/Bert Pennock moved to approve the minutes of the October 25, 1993 meeting. VOTE ON THE MOTION: Passed by those present.

NEW BUSINESS: Duane Cole began by indicating that he had received a notice from the Newberg Garbage Service for the need for a rate increase due to changes in the disposal cost at the River Bed land fill beginning January 1, 1994.

Merlin LaJoie indicated that there are two changes in rates. The first one is related to the increase in the county surcharge at the land fill, and the second change is the per can charge for those customers who do not have a full can. The second rate is based on a 20 gallon can. Because the cost to service the smaller can is the same, the only difference in the rate is the disposal cost; so, they backed out proportionally the disposal cost from the existing residential rate. Steve Donovan was introduced and has previously worked with the City of Portland and is currently working with several other communities including McMinnville. He discussed the background in the mini-can and Portland's experience. He also indicated that the future will bring around the micro-can (a ten gallon can) and collection of yard waste. He added that recycling in Newberg is working. A study of can weight in McMinnville showed that instead of 40 pounds, cans now weigh approximately 27.43 pounds. Everyone is doing a good job in recycling. Marvin Schnieder added, however, that Senate Bill 66 set goals for each county for waste diversion. Yamhill County's goal is a 30% reduction in all waste including industrial by 1995. He indicated that the county has not yet reached that goal. Newberg Garbage has recently had some discussions with Dundee about recycling. Unless the county can pull in some of the smaller communities, it will

have a hard time reaching its reduction goal. Several other questions were asked of the Newberg Garbage staff related to various aspects of the garbage service. MOTION: Barbara Secor/Alan Larking moved to recommend the increase in garbage rates to the City Council. VOTE ON THE MOTION: Passed by those present.

Annual Financial Report: Donna McCain indicated that the City staff has requested a delay in reviewing the annual financial report. They asked the committee to meet on Monday December 13 to spend the whole hour with the auditor. Committee agreed that time would be fine.

Retirement Plan:

Kathy Tri reviewed the actuary report on the City retirement plans. She reviewed the recommended annual rates for police and fire (22.5%) and general employees (13.3%). She indicated that these were reductions from previous rates, primarily due to the transfer of employees to Oregon PERS. She added that a plan amendment to bring the retirement plans into compliance with personnel rules will be on the December agenda. This amendment deals with the sick leave accumulation. The total value of the police and fire retirement plan is \$2,435,098 and the total amount for the general employee plan is \$2,777,031. In table two she pointed out that there were several transfers the committee should be aware of. The transfer from the general plan to police and fire is an accounting change related to Mr. Mahr's contract; the transfer to PERS is \$300,027 and the lump sum voluntary transfer is money for a police employee's voluntary account which can not transfer to PERS. The plan earned 9% interest.

Police Computers: Chief Bob Tardiff was present to discuss his proposal for changes in the police computers. He indicated that in the Civil Forfeiture fund the staff had budgeted for video imaging, a system which will not be ready until fiscal year 1994/95. The cost of this was estimated at \$15,500. Instead he proposed to use some of that money to purchase an evidence program which is available consisting of two computers with attachmate software for connection to RAIN and a dot matrix printer for an approximate value of \$9,450. He indicated that it was important for the detectives to have better access to RAIN. Being attached to the regional system provides immediate access to DMV records, wanted list, uniform crime report, jail information, crime analysis, and evidence program. RAIN involves six Oregon counties and one main frame in Salem. They also have access to some of the other regional information systems in the state. He added that the police department is behind in computerization and this is a major step forward in bringing the department up to date. After some discussion the committee recommended that Chief Tardiff proceed with his purchase.

INFORMATION ITEMS

Review of Budget Documents: Kathy Tri reviewed the department

budget chapters. She primarily explained the format of each department's budget and program budget. She added that at the December meeting she will present examples of some other city's budget documents to compare formats.

Monthly Report: Kathy Tri presented the monthly report and apologized for not including all the detail pages that are normally attached to the report but the staff had gotten behind in November. She indicated that October was actually a slow month. The department did have several debt service payments and was involved in the call of the 1991 Bancroft Bond. Alen Larking asked about room taxes. Kathy Tri indicated that the City receives room taxes from both local motels but this income is primarily from the Shilo. Room taxes are received quarterly. There was some discussion about collection from Town and Country.

Monthly Transactions: Monthly transactions were reviewed. Barbara Secor asked Chief Tardiff about police overtime. He explained how vacancies and holidays have effected overtime. Several other specific questions were asked regarding specific account transactions.

The Adjournment: The committee adjourned at 8:30 a.m.

MONDAY, 7:00 a.m.

JANUARY 31, 1994

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by Mayor Donna Proctor at 7:05 a.m.

ROLL CALL:

Present: Don Wright
Bert Pennock
Barbara Secor
Alan Larking

Others Present: Kathy Tri, Finance Director
Duane Cole, City Manager
Donna Proctor, Mayor
Diane Padilla, Asst. Fin. Dir.
Bob Tardiff, Police Chief
Leah Griffith, Library Director

MINUTES: The minutes of the November 29, and December 13, 1993 meetings were presented. Committee members noted several spelling and typographical errors in the minutes. Kathy Tri said she will go back and review the minutes.

NEW BUSINESS:

Kathy Tri introduced the recommended budget changes. She indicated that there were three changes that she had been asked to present. They include the library, police, and street fund.

Leah Griffith, Library Director, presented background related to her request. She indicated that since the budget was adopted, which included some additional hours and reclassification of a position to circulation manager, the library has experienced some turn-over and changes in staff. None of the existing staff are interested in the circulation manager position. In addition there has been an increase in the work load at the circulation desk. She is requesting an additional \$1500 which would fund two people at the circulation desk in the afternoon and allow the circulation manager to assist the children's library and working with volunteers.

The second request was introduced. Kathy Tri explained that the city receives about \$55,000 from 911 funds annually. This money is receipted into the 911 fund and state law restricts how this money may be spent. She indicated that there is a list of allotted expenditures attached to the packet. She added that several weeks ago, Chief Tardiff reviewed with the Council possible changes to the 911 center. The request is to move part of the four dispatchers to the 911 fund, plus some additional expenses, which would release approximately \$100,000 in the communications budget in the general fund to be reallocated to capital outlay to begin the purchase of 800 mhz. radios. Chief Tardiff further explained the radio system and the desired direction the City wants to take.

The third request is a transfer in the street fund. Kathy Tri explained that last April the City signed an agreement with the Oregon Department of Transportation to install Opticom systems at two intersection on Highway 99W. The estimated cost was \$11,200. The signals have now been installed. However, because of the lateness of the agreement with the state, the financing for the installation of the signals was missed in the adoption for the budget. Therefore, the request is to transfer \$11,200 from contingency to capital outlay to cover this expense.

MOTION: Secor/Pennock moved to recommend council adoption of the resolution transferring and reappropriating funds in the general fund, state tax street

fund, and 911 Emergency fund. VOTE ON THE MOTION: Passed by those present.

INFORMATION ITEMS: Kathy Tri indicated that the packet included a chapter called "Financial Management and Budgeting." This chapter is part of the League of Oregon Cities' Handbook for Newly Elected Officials. She welcomed the committee to read the chapter and to ask any questions regarding the information in it.

MONTHLY REPORT: Kathy Tri gave the December monthly report indicating that 50% of the fiscal year has passed. She reviewed the information in the report. Don Wright asked about the attached tables. It was indicated that even though revenues do not come in evenly, the report does take the budget revenues and divide by twelve. Kathy Tri indicated that it is sometimes more useful to look at the graphs to see the cash flow of the funds and any deviations from prior years.

MONTHLY TRANSACTIONS: The committee reviewed the monthly transactions for November and December. Numerous questions were asked about transactions including payments to Pasquale's, tictacks and pencils in the fire department. Kathy Tri indicated that she would get back with specific answers on those items. Other items were explained.

ADJOURNMENT: The committee adjourned at 8:00 a.m.

MONDAY, 7:00 a.m.

OCTOBER 25, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by chair Donna McCain at 7:07 a.m.

ROLL CALL:

Present: Donna McCain
Bert Pennock
Barbara Secor
Allen Larking

Others Present: Donna Proctor, Mayor
Kathy Tri, Finance Director
Duane Cole, City Manager
Leah Griffith, Library Director

MINUTES: The minutes of the September 27, 1993 meeting were presented. Many members noted typographical errors in a paragraph under budget resolution. Kathy Tri noted the errors to be changed. MOTION: Bert Pennock Secor moved to approve the minutes of the September 27, 1993 meeting as corrected. MOTION: Passed by those present.

NEW BUSINESS:

Purchase of Library Books: Library director Leah Griffith began by stating that the library staff tries to meet the needs of the community in purchasing books. She indicated that approximately 5% of the collection is rolled over annually due to out of date books, worn out books, and old scientific material. She added that reference materials are very expensive and must be kept current. She reviewed her memo which outlined the various parts of the book purchasing budget. She then reviewed the goals of the long range library plan.

Barbara Secor asked if the long range plan conformed to the budget. Leah Griffith responded that the long range plan was prepared at the same time as the 1993-94 budget. She did use the long range draft to develop the budget for this fiscal year. The long range plan will require some additional funds. Leah Griffith also indicated that the library looks at community requests as well when it looks at its books budget. For example there is a tremendous demand by the community for books on the best seller list. Barbara Secor asked if the 5% roll over collection is below standard. She responded that our actual turnover is about 4.2% verses 5-7% statewide. Bert Pennock asked what the library does with worn out books. Leah Griffith responded that those books go to the Friends which puts them in their annual book sale. The Friends will be donating about \$10,000 to help furnish the reference area. She also talked about the new agreement with McMinnville in sharing reference materials.

Donna Proctor asked if the library checks with the George Fox Library and shares materials. Leah Griffith responded that the library does not because the George Fox Library is a private library and they really do not want a lot of public traffic. They will send someone to the George Fox Library for special purposes and they are willing to work with the City Library. Donna McCain added that the George Fox library does not want to encourage public use.

Leah Griffith also talked about the Chemeketa and Salem corporative system which saves the city lots of money through sharing books. She also discussed the vendors which the city used. She indicated that Baker Taylor provides a substantial discount which through their research has been the best. In addition books come with plastic jackets which saves staff time in preparing books for shelving. Bert Pennock asked if the staff shops around for books. Leah Griffith indicated no because the discounts are consistent and are very good. For example fiction titles tend to be approximately 40% off the publishers price. The publisher doesn't always give a discount and by using a single vendor most of the time saves staff time in contacting every vendor.

The committee also asked questions about volunteers. Leah Griffith said the library has a very high number of volunteers and volunteer hours. The volunteers are crucial in shelving. She indicated that the library receives about 4000 hours of volunteers verses 2000 hours state wide. The volunteers also help staff by calling patrons when a book arrives. Allen Larkin asked how many books are checked out annually. Leah indicated 140,000 books are checked out annually which is an 7% increase over the previous year, and is double the first year of the new addition being open.

Changes in Garbage Rates: Duane Cole explained that he had received notice from the Newberg Garbage Service that they will be requesting a rate increase due to changes in the charge at the land fill. Discussion revolved around the franchise agreement and services that are provided. Mr. Cole indicated that at the November Finance Committee Meeting we will present a copy of the current franchise, rates, and Newberg Garbage Service's proposal. He added that the City is the franchising authority and can tell them how to operate. He indicated that during a review of the last rate increase the staff looked at their financials. It appeared that they were under investing in equipment and much of their rate is dependent on what is charged at the land fill. He also added that this is not an exclusive franchise.

Update on Line of Credit: Kathy Tri indicated that the City has obtained a line of credit with First Interstate Bank. The first draw on the line of credit will be at 3.85%. The final papers are being prepared. She reminded the committee that the line of credit will be used to finance the Grant Street and Second and Third Street local improvement districts.

Review of Budget Documents: Kathy Tri reviewed the two budget documents. The larger document was the legal document, was filed with the state and includes a budget message, line item detail, personnel details and legal notices. The second document is more of a summary. It includes the budget message summary information and information about each department. Committee members expressed appreciation to review the documents and thought that they provide a lot of information. At the next Finance Committee meeting the committee agreed to review the departmental chapters. Kathy Tri indicated that she is

interested in the committee's feedback in order to keep improving the budget documents.

Monthly Report: Kathy Tri presented the September monthly report. No questions were asked.

Monthly Transactions: There were no questions about the monthly transactions. Barbara Secon questioned the increase in the police overtime. Staff responded that without further research the increase probably related to staffing the four vacant positions as well as normal overtime.

Meeting Dates: Donna McCain indicated that the committee meets on the last Monday of the month primarily for the convenience of a previous member, Gary Hay. She asked committee members if this was still a convenient time for them to meet or would another morning perhaps be better. Committee generally indicated that they wished to stay with the Monday morning format.

Adjournment: The committee adjourned at 8:20 a.m.

MONDAY, 7:00 a.m.

SEPTEMBER 27, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by chair Donna McCain at 7:05 a.m.

ROLL CALL:

Present: Donna McCain
Bert Pennock
Barbara Secor

Others Present: Kathy Tri, Finance Director
Duane Cole, City Manager
Donna Proctor, Mayor
Roger Currier, Council Member

MINUTES: The minutes of the August 30, 1993 meeting were presented. MOTION: Secor\Pennock moved to approve the minutes of the August 30, 1993 meeting. VOTE ON THE MOTION: Passed by those present.

NEW BUSINESS:

Budget Resolution: Kathy Tri indicated that she will be preparing a budget resolution primarily to pay for prior year encumbrances. In particular, she mentioned the T.V. truck for inspecting sewer lines. This transfer will equal approximately \$94,000. The truck is due to be delivered by the end of October.

Kathy Tri also mentioned that the ladder company did not pass inspection last week. She explained the problem with the extension of the ladder. This could have effect on insurance. At this time the truck will be off line two to three weeks while the Fire Department evaluates alternatives and solutions. There was discussion about the continuation of the fire fee. Mayor Proctor indicated that many people ask her when the fire fee will be discontinued. Many people express concern that the council will discontinue the fee no matter what. Duane Cole indicated that a new fire truck will be approximately \$420,000. By the end of the century the City will need \$800,000 to replace its equipment. Part of the problem is that much of the Fire Department rolling stock was purchased within a few years of each other. The facility study will help the City evaluate our future needs including ruling stock. The City has the option of setting aside money for future expense or to place a ballot measure before the voters to sell bonds.

Water and Sewer Fund Projections: Kathy Tri reviewed the projections she recently put together on the water and sewer funds in relationship to the closure of Allen Fruit Manufacturing. She added that since she prepared these projections, Allen Fruit is flushing the pretreatment facility and their September bill increased from \$21,000 to \$33,000. She had not included any revenue from Allen Fruit after August. This will have a positive effect on this year's budget. The projections show that the City will be drawing down its cash carry over, but that no rate increase would be necessary at this time. Further analysis will be done in conjunction with the development of the 1994-95 budget. She added that the major impact on the water fund has been the wet summer. In reviewing billings the August revenue were \$50,000 less than one year ago. September bills were higher than one year ago. She will be watching closely the status of these two funds.

Status of Investment Policy: Kathy Tri indicated that on the previous Monday she went to Prineville to attend the Oregon Short Term Fund Board Meeting. The investment policy requires a couple of minor changes prior to its next adoption and review. She will incorporate these changes and send it back to the Oregon Short Term staff for review prior to final action. These changes primarily are

to make percentages consistent with the policy.

Information Items

Building Inspection Vehicle: Kathy Tri reported that the building inspection department inspection has purchased a ford half ton truck for its use. She indicated the truck cost slightly over \$10,000 and was an excellent purchase for the department. This will greatly resolve some of there vehicle problems.

Monthly Report: Kathy Tri presented the monthly report for August. Bert Pennock indicated he would like to see more information about the purchase of books. Duane Cole indicated the library had a purchasing policy for new purchases and collection roll over. He indicated they would bring this information back at the next meeting.

Monthly Transactions: Questions were asked about the flowers for the City County Dinner, leases on copiers, inspection of Francis Theater, and overtime in the legal department. Staff responded that much of the overtime in the legal department related to the Council business and hospital during this time frame. Duane Cole added that staff is allowed to accrue up to 80 hours maximum comp time after that they must receive overtime pay. Department heads are encouraged to limit comp time to 40 hours.

The committee asked the staff to review the budget documents at future meetings. Staff agreed that they would begin reviewing the budget documents five tabs at a time.

ADJOURNMENT: Committee moved to adjourn at 8:00 a.m.

MONDAY, 7:00 a.m.

AUGUST 30, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by chair Donna McCain at 7:05 a.m.

ROLL CALL:

Present: Donna McCain
Bert Pennock
Dale Welcome
Barbara Secor
Gary Hay (7:10)

Others Present: Kathy Tri, Finance Director
Duane Cole, City Manager
Michael Sherman, Fire Chief
Diane Padilla, Assistant Finance Director

MINUTES: The minutes of the June 28, 1993 meeting were presented. **MOTION:** Secor\Pennock moved to approve the minutes of the June 28, 1993 meeting. **VOTE ON THE MOTION:** Passed by those present.

NEW BUSINESS:

Transfer Resolution: Michael Sherman requested a transfer of funds to cover two items in his budget. The first item related to the firefighters contract that was finally settled in June. He indicated the final item that was set upon was the work week. The work week changed from 40 hours to 52 hours, and there will be an actual cut in overtime pay. The staff will only be called out for general structural or multi-rescue. He indicated that they work between 208 hours and 212 hours a month will be paid at straight time and over 212 hours will be paid at overtime. For the first year of the contract there needs to be an additional \$1000 budgeted for overtime to cover those special situations. Dale Welcome asked Chief Sherman about the comp-time bank and coverage at the station. The second request is a carry-over from the 1993 Budget. The department purchased safety clothing in April. However, it was not received until after June 30, 1993. Funds are available in carry-over to cover this additional expense for this fiscal year.

MOTION: Barbara Secor/Dale Welcome recommend approval of the Transfer Resolution to the City Council.

Discussion Items: Kathy Tri indicated that in the Building Department's budget for 1993-94, all building revenue had been budgeted in the department and that funds over the actual needs of the department were put into the Professional Services account. Out of this account is paid the plumbers contract. During the budget review, staff indicated that any additional expenses would come back to the Finance Committee for a review. The building department's vehicle has been declared unsafe by the garage mechanic. The staff has been exploring other vehicles within the City, and outside the City. They will be making a recommendation for purchase of a replacement vehicle. Once the actual decision is made, she will return to the Finance Committee to tell them exactly what was purchased. She is also continuing to review building income to insure that sufficient funds would be available.

Duane Cole reported that in 1992-93, two of the clarifiers were to be painted. It had been seven years since the clarifiers had been painted. The project was bid for \$27,000. The staff did an excellent job on specs and required sandblasting all the old layers of paint off. This ended up being a much higher cost than the contractor had anticipated, and the contractor had actually lost money on the project. The staff is very pleased with the contractor and the

third clarifier now needs to be painted. The contractor indicated that the cost would be \$29,000. The staff has changed the specs and the contract and Roger Pyles will inspect those places in the clarifier where the old paint has adhered and cannot be removed by major sandblasting. The contract will be a time and material contract and by doing so we hope to keep the cost closer to \$20,000. Mr Cole also added that the clarifier should be painted once a year.

Gary Hay asked about the effect of Allen Fruits's closure on the water and sewer's budget. Mr. Cole said that the staff had met and made a long list of items that they are investigating. He anticipates by mid-September to have a plan put together. Mr. Hay reiterated that he wanted to maintain the three year rate commitment to the citizens, even with Allen Fruit's closure. Donna McCain asked that we report at the next meeting the results of Mr. Cole's recommendation. Dale Welcome recommended looking at the cost structure and at cost centers. Mr. Cole indicated that the staff had been doing that; however, there are concerns about compliance with DEQ regulations. If the City fails to comply we are levied fines. All these regulations tend to continue to run up costs'. Even though we have a new plant, there continues to be new regulations that we must comply with. Gary Hay asked if the City rates were still high. Duane Cole indicated that yes; however, the rates are more comparable to other cities' rates than a year ago. Kathy Tri indicated that she would send the committee the recent Grants Pass rates study.

Investment Policy: Kathy Tri reported that the Oregon Short Term Fund Board did not meet in July, as planned, and its next meeting is September 20. The City's Investment Policy will be on that agenda and she will attend the meeting in Prineville.

Gary Hay asked to add a item to the agenda. He stated that he is a member of the Hospital ad hoc Committee, reviewing the various issues with the Hospital. One of the issues discussed was the Hospital's Budget. The Hospital budget will now go through a Budget Committee review just as any other department. Part of the problem is a lack of information from the Hospital. Having a similar Budget Committee hearing should help some of the flow of information. For example, if the City had known about the physician salary guarantees, it would have been helpful to know that this was budgeted and would have reduced questions that came up later. Bert Pennock asked how long the City had had its contract with St. Vincents. Duane Cole indicated approximately twelve years. Donna McCain added that she went to the meeting that reviewed the Newberg Community Hospital's Strategic Assessment done by an outside consultant and found the meeting extremely educational. The study reviewed various methods of operating the Hospital, including other contractors. Dale Welcome asked if the review was made public. Duane Cole indicated that the report would be made available in a month or so. Gary Hay added that one issue is what is public. He indicated a lot of business is done in small groups related to government and finance issues and not related to the practice of medicine. Dale Welcome asked if the Hospital Commission will still do its own budget review. Gary Hay indicated that they will still do their own review, its just that the budget would be reviewed as any other budget would be. Gary Hay added that the enabling ordinance actually requires an annual report and that both parties have been derelict in this respect.

Monthly Report: Kathy Tri presented the monthly report. Committee members requested that the dues the City pays to the National League, League of Oregon Cities, COG, and Local Personnel Institute, be paid later in the fiscal year after the City receives its tax funds. Kathy Tri indicated that there would be no problem in changing the payment date. There were no other questions about the monthly report.

MOTION: Dale Welcome\Barbara Secor moved to approve the monthly report. VOTE ON THE MOTION: Passed by those present.

Monthly Transactions: Kathy Tri responded to several questions regarding monthly transactions. In particular Donna McCain had questions about the firefighters

uniform allowance and subscriptions from the library. Dale Welcome asked about the unauthorized use of City facilities and indicated that we need to perhaps change our internal controls. Michael Sherman updated the committee with regard to the issue which came up on the use of City facilities and supplies. He explained how the City has changed its procedures, especially with regards to locks and gasoline.

Adjournment: The committee adjourned at 8:20 a.m.

MONDAY, 7:00 a.m.

JUNE 28, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by chair Donna McCain at 7:05 a.m.

ROLL CALL:

Present: Donna McCain
Gary Hay
Dale Welcome
Barbara Secor

Others Present: Donna Proctor, Mayor
Duane Cole, City Manager
Kathy Tri, Finance Director
Diane Padilla, Assistant Finance Director

MINUTES: The minutes of the March 29, April 26, and May 24 meetings were presented. MOTION: Secor\Welcome moved to approve adoption of the minutes. VOTE ON THE MOTION: Passed by those present.

NEW BUSINESS:

LID FINANCING: Kathy Tri presented a resolution for City Council approval setting forth the official intent of the City to reimburse certain capital expenditures out of proceeds of bonds used to finance local improvement districts. She indicated that possible projects to be included in a Bancroft bond sale would be the Grant Street improvement, Second Street, Elliott Road, and Crater Lane. There followed an extensive discussion regarding the Crater Lane project and the status of school construction at that site and at Crestview. Dale Welcome noted that the Crater Lane project was not in the budget and wondered how that worked. Kathy Tri indicated that at the time we know more information about the Crater Lane project the staff would come back to the Finance Committee and Council for appropriate appropriation. She indicated that the dollar amount of projects in the resolution is \$500,000. It does not mean that there will necessarily be \$500,000 in projects included in this Bancroft bond. This financing would allow the city to package a number of LID projects together to sell a bond for perhaps \$200,000. Interim financing would be through warrants. This resolution would allow the city to refinance those warrants. There was discussion regarding the coordination and discussions between the City, the Park District, and the School District about projects related to the new schools and parks. Duane Cole indicated that he has met with the school superintendent and park district superintendent and that the projects are not far enough developed to know exactly what the school district and park district needs will be.

MOTION: Hay\Secor moved to approve the adoption of the resolution. VOTE ON THE MOTION: Approved by those present.

Water\Sewer Turn On Fee: Kathy Tri indicated that currently the city collects a \$47.00 deposit from all renters and places a lien on property owners property to cover possible unpaid utility bills. She indicated that while the city has the authority to place a lien on property for an unpaid bill, it has not done so for over ten years. She recommended that instead of the deposit all customers pay a turn on fee of \$15.00. This fee combined with and active collections program should provide sufficient income to cover existing uncollectible amounts. Barbara Secor asked about the fee being on property or was the fee on the person. Kathy indicated that the fee was on the person the city was providing the service to. Part of this is recommended change related to the Ballot Measure 5 issue. Kathy Tri indicated that the fee placed on the ownership of property could be construed as being a tax versus a fee. She referred to the recent Roseburg case

in which the Oregon Supreme Court indicated that because the Roseburg storm sewer fee did not include any lien provisions for its collection it was clearly a fee and not a tax. She has reviewed this case with other finance directors. They concurred that this court statement was a red flag to be concerned about.

Gary Hay said that he is aware of a credit check service for landlords that he uses. He indicated that perhaps the City could require deposits for renters with a bad credit history. Barbara Secor asked several questions about how long the city would take before it turned a uncollected bill over to a collection agency. The discussion revolved around a ninety day period. She felt the \$15 turn-on fee was equitable. The committee also discussed if the \$15 would stay with the person who moved around town or would that person be required to pay \$15 each time they signed up for service. Kathy Tri indicated that the current practice is that the deposit stays with the person as long as their account is in good standing and that she would anticipate that the staff would also credit the \$15 to go with the person.

MOTION: Secor\Welcome moved to approve adoption of the water\sewer turn-on fee for all customers in lieu of a deposit. **VOTE ON THE MOTION:** Passed by those present.

Investment Policy: Kathy Tri indicated that the State Treasurer's Office had contacted her about the City's investment policy. It will be on the Oregon Short-term Fund Board's July 30th meeting in Bend. She indicated that the Treasury staff had some comments about the policy which she reviewed with the committee.

Water Conservation Program: Kathy Tri indicated that the city has joined fourteen other jurisdictions, including the City of Portland, in a water conservation program with PGE. The program involves the city buying shower head kits at the cost of \$1.97 each. PGE will have a contractor install the shower heads in their customers homes. A contractor will be doing this work for PGE. The City will be billed by the City of Portland for each kit that is installed. There will be some promotion materials provided to customers which will have the City's logo and PGE's logo on it. Kathy Tri also indicated that the cost of the program could be somewhere around \$16,000. She is not requesting any committee action at this time, but is telling the committee that at some time in the future, the City may need to do a transfer to cover the cost of this program. The water conservation program was included as part of the water master plan. Gary Hay expressed that he did not wish the city too buy to many kits and end up with a surplus. Kathy Tri indicated that the City would be billed only for the kits that are actually installed in the homes. She also indicated that there would not be a rate increase due the implementation of this program.

Election for Management Employees to go to PERS: Kathy Tri handed out a council action item that will be on the July 6th Council Agenda. The action is to approve the City Manager signing a contract between the City and Oregon PERS. In the memo there contained a chart comparing the current rates of the City's retirement plan and the rates if the management employees elect to go the PERS. Gary Hay indicated that he still felt that the employees should contribute towards their retirement plan to be more comparable with the private sector. There followed a discussion about employee compensation. Donna McCain indicated that some businesses are very generous and depending on how successful your business is depends on how much you give your employees. Duane Cole indicated that the PERS issue is a big recruitment issue with management employees. He also added that the City is a large business with highly skilled employees and the retirement package is needed to provide a comprehensive, comparable package for the City. He indicated that employees do not have the ability to have profit-sharing or bonuses as they would in the private sector. Kathy Tri indicated that the staff and Milliman & Robertson have spent a lot of hours reviewing this to make sure that they felt it was a good move for the City and for management employees. She indicated that the PERS staff has agreed upon the contract and it is being reviewed by the Attorney General's office. Terry Mahr

also is reviewing the contract on the city's behalf.

Accounts Payable and Monthly Report: Dale Welcome questioned the use of sick leave in increments of less than eight hours. He indicated that they had a question regarding the wage and hour rules. He indicated that in the Bureau of Labor rules this is a gray area. Kathy Tri appreciated him pointing this out and will do some further research on the use of less than eight hours sick leave for exempt employees.

The committee discussed membership in local clubs. Duane Cole indicated that this is a policy issue and he doesn't see this as a problem. Encouraging staff members to be involved in local civic clubs is good for the City's public relations and provides networking opportunities. Dale Welcome thought it helped the integrity of the City and its exposure. Donna Proctor felt that the City should only pay for one representative in each of the civic clubs. Duane Cole indicated he would put some guidelines in the management manual.

Other Business: Gary Hay added two issues. The first issue is related to the closure of Allen Fruit. He expressed a need to direct staff to reduce expenditures wherever possible in order to meet the revenue short fall caused by Allen Fruit. Duane Cole indicated that he had a staff meeting this morning with Russ Thomas and Kathy Tri to begin a process for doing just that. Second, Gary Hay indicated that he would like the City to review the hospital operation. He felt that while the City should maintain ownership of the hospital, it should not be involved in any of its operations. He related his concerns to the changes that may be coming. Duane Cole indicated that the hospital is doing a study at this time on its operations and how it fits into the metropolitan area. He indicated that there would be feedback to the City Council regarding the study. The other unknown is what program mandates will come from the federal government.

ADJOURNMENT: Committee moved to adjourn at 9:00 a.m.

MONDAY, 7:00 a.m.

MAY 24, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by chair Donna McCain at 7:05 a.m.

ROLL CALL:

Present: Donna McCain
Dale Welcome
Bert Pennock
Barbara Secor

Others Present: Donna Proctor, Mayor
Duane Cole, City Manager
Kathy Tri, Finance Director
Diane Padilla, Assistant Finance Director

NEW BUSINESS:

Budget Resolution: Dale Welcome indicated that he would abstain from voting on this issue. Kathy Tri presented a Budget Resolution transferring and reappropriating funds in the Hospital Operating Fund and Hospital Capital Improvements Fund which is at the request of the hospital and recognizing a grant the City received from LCDC. She indicated that the City was informed of the grant on May 5, and that the budget needs to recognize and appropriate the money in order for the Planning Department to spend it. The grant is to develop a pedestrian-oriented land-use design standard and a design manual and will include a one day workshop. Duane Cole indicated that the transportation plan included a section on pedestrian oriented design. He indicated a contractor will conduct a workshop and develop the workbook.

The hospital has requested a transfer due to additional salary expense, a higher than projected cost for unemployment associated with the employee thrift plan, some minor equipment costs related to the renovation, and other miscellaneous expenses.

MOTION: Secor/Pennock moved to approve the Budget Resolution. VOTE ON THE MOTION: Approved by those present (Welcome abstained).

Deferred Compensation: Duane Cole indicated that the International City Management Association had requested that the City sign a new administrative agreement for the Deferred Compensation Plan that the City has with ICMA. Kathy Tri explained to the committee that deferred compensation is allowed under Section 457 of the IRS Code and is a pre-tax savings plan. Mr. Cole indicated that the City had not signed a new agreement with ICMA for many years and this contract was to bring our files up to date.

MOTION: Welcome/Pennock moved to approve the resolution establishing a deferred compensation plan with the International City Management Association Retirement Corporation. VOTE ON THE MOTION: Passed by those present.

Collection Agency: Kathy Tri explained that Peggy Hall, Diane Padilla and she had met with two collection agencies to review the type of services they could provide. Each agency provided a different type of service. The first agency is a traditional collection agency and the split would be 60/40. The other agency would help the City collect outstanding bills before they are turned over to a collection agency for final collection. They would charge a flat fee per bill. She explained that this type of agency might be good for the city's sewer only accounts that tend to fall behind. However, the staff performs this function now

and since there are so few accounts, the staff does not recommend the addition of this service at this time.

Kathy Tri also explained the recent decision out of the Oregon Supreme Court on the City of Roseburg. It was very apparent in the decision the use of liens to collect unpaid utility bills may not be possible in the future. She instead would like to increase the turn on fee to \$15 and to drop the deposit which is currently only collected from renters, because home owners sign an agreement for the lien when they sign up for service. She indicated that the amount of money received from the turn on fee would be sufficient to cover non-collectibles and that the entire uncollected bills would be turned over to collection agencies promptly. Between the turn-on fee and the collection agency efforts, the City should be able to cover any uncollectibles and collection costs. Donna Proctor asked about the use of Social Security numbers on the water application form. Donna McCain indicated that the Finance Committee has previously recommended to use a collection agency; however, there were Council members who were not interested in the City using an agency. Dale Welcome indicated that he thought the \$15 turn-on fee and collection action is a good approach for the City to take. Kathy Tri will present at the next meeting a recommendation of the turn on fee.

MOTION: Welcome/Secor moved to approve the adoption of Resolution authorizes City Manager to enter into an agreement for collection services. VOTE ON THE MOTION: Passed by those present.

Retirement Plan Amendments: Kathy Tri indicated that the June 7th meeting of the City Council would include amendments to the City General Employees Retirement Plan. Kathy Tri explained the amendments to the plan. The Finance Committee has previously discussed these changes and the purpose of this agenda item was to inform the Finance Committee that this item will be on the June 7th agenda. Duane Cole indicated that the staff is still exploring converting management employees to PERS. The committee and staff discussed some of the various retirement options and plans that are being worked on.

MOTION: Welcome/Pennock moved to recommend approval of the resolution amending the General Employees Retirement Plan. VOTE ON THE MOTION: Passed by those present.

Monthly Report: Kathy Tri reviewed the monthly report. The committee seemed generally pleased with the new format of the monthly report and the data that was being provided.

MOTION: Secor/Welcome moved to accept the April monthly report. VOTE ON THE MOTION: Passed by those present.

Accounts Payable: Kathy Tri responded to several question regarding the accounts payable. These question included overtime in the legal department, payment to CIS for paid losses, which is for quarterly payment on our loss premium, and a payment to the Mayor's Association for \$17.50.

MOTION: Secor/Pennock moved to approve accounts payable transactions for May. VOTE ON THE MOTION: Passed by those present.

ADJOURNMENT: Committee moved to adjourn at 8:05 a.m.

MONDAY, 7:00 a.m.

APRIL 26, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by Chair, Donna McCain at 7:05 a.m.

ROLL CALL:

Present: Donna McCain, Chair
Gary Hay
Dale Welcome
Bert Pennock
Barbara Secor

Others Present: Donna Proctor, Mayor
Duane Cole, City Manager
Kathy Tri, Finance Director
Diane Padilla, Asst. Finance Director
Terry Mahr, City Attorney
Michael Sherman, Fire Chief

The minutes were approved with a noted change in the April 12, 1993 minutes, the Committee adjourned at 8:45 not 9:45 a.m.

NEW BUSINESS:

Review of Investment Policy.

Kathy Tri indicated that she has handed out the Investment Policy that was adopted by the Council on July 1, 1992, State Law that governs municipalities investments and an informational brochure from the State Treasurers Office on the Local Government Investment Pool. She indicated the Investment Policy was developed from other City Policies that had been approved by the Oregon Short Term Fund Board. She indicated that she would like to submit this Policy to the Oregon Short Term Fund Board for approval, prior to Council action. Committee members indicated they did not have the entire copy of the Investment Policy. Kathy Tri indicated she would hand out the entire copy at the Budget Committee Meeting the following evening. She indicated the reason for submitting the Policy to the Oregon Short Term Fund Board would be that the City has over \$10 million in the investment pool at this time. It may be possible that the City would like to invest in investments with maturity longer than 18 months, particularly those funds that are being held in reserve, so we can maximize our interest earnings. At this time, interest rates have been low for a long period of time and it's important that the City maximize its cash management. There were no objections to the Investment Policy expressed. The Committee indicated that they would like to learn the result of the Oregon Short Term Fund Board comments prior to the Policy going to Council. Kathy Tri indicated that she would share those comments with the Finance Committee.

Budget Resolution.

Kathy Tri indicated that there was a revised resolution before the Finance Committee and this resolution is on the City Council Agenda for May 3rd. She indicated there were a couple of changes to the resolution in front of the Finance Committee. They included the transfers in the general fund; the general fund amount should be changed from \$6,650.00 to \$6,055.00 and the municipal court transfers should be changed from \$5,650.00 to \$4,650.00 for a total general fund transfer of \$13,705.00. The Committee discussed the proposed transfer resolution. Donna McCain indicated that, during the past

few years, the City Council has felt it important to inform citizens of City activities. The newsletter is the one median that is received by most citizens. She has heard a lot of comments appreciating the information in the newsletter. Gary Hay suggested the City put a coupon in the newsletter for \$2.00 of their water and sewer bill to see what kind of readership the City might be receiving from its newsletter.

Terry Mahr, City Attorney, was present to discuss the court reorganization and the proposed transfer in the general fund for both his department and the municipal court. He discussed the backlogging cases and the current billing activities, proposed violations bureau and other collection efforts. He indicated that overtime has been required to try to catch up on the backlog and court fine collections and the reorganization. He does not anticipate a repeat of this amount of overtime in the future, once the court gets caught up. Gary Hay thought the addition of the half-time clerk was to help alleviate the backlog. Terry Mahr discussed the extent of the backlog. Donna McCain also discussed the past efforts of the Finance Department to contract with a collection agency. Staff indicated that they still would like to use a collection agency as a last resort to collect unpaid fines and other bills owed to the City. **MOTION:** Welcome/Secor moved to approve the resolution with noted changes. Passed by those present.

March Monthly Report.

The staff handed out the spreadsheets for the March monthly report. The Finance Committee had previously received the written report. Kathy Tri presented the monthly report.

Computer Mission Statement.

Kathy Tri presented the Computer Mission Statement for the Committee's review. She indicated that when she came to the City three years ago, the City had not upgraded its hardware or software for a number of years. There had previously been a Computer Users Committee established which began working on developing standards for computer hardware and software purchases. However, it is time for the City to really develop a Mission Statement and a work plan for its computer system. Diane Padilla described the system the City has. She indicated that there are three networks, (main network in City Hall, Public Works GIS and the Fire Department, which is not connected to the City Hall system but may be in the future). There are 34 stations and 11 stand alone stations in the Library, Water Treatment Plant, Waste Water Treatment Plant and Public Works. The advantage to the network is that they are able to share peripherals such as printers and software licenses. By buying group packs, the City can save money versus buying single licenses for all the different users.

Michael Sherman was present at the meeting to discuss the Committee's efforts. He indicated the Committee worked very hard and was concerned about the upgrading technology and standardizing. He indicated their wish to develop and maintain an adequate system for the City and felt the City had not spent enough money on training and there is a need for more in-house support.

Committee members asked various questions of the staff regarding the Mission Statement. Gary Hay asked about training that was envisioned in the plan. Michael Sherman responded that cross-training on general applications will probably be done by staff. Departments pay for training on specific applications for their purposes. Dale Welcome indicated that there is a benefit of the Users Group to share information and to help manage the program. Donna Proctor asked about what equipment is needed to support staff during major catastrophes such as the prior earthquake. Michael Sherman responded, the Emergency Plan Committee will meet to assess the plan and develop a needs list for Council review. The Committee also reviewed the summary of computer replacement contributions that will be included in the 1993-94 budget.

Applications for Water Service.

Kathy Tri indicated that the department needs to reprint its application for water/sewer service and that she would like to make some changes in the application form. One of the changes she would like to make is the use of further collection efforts versus only placing a lien on the property. She discussed the effects of Ballot Measure #5 and the efforts by most Cities to no longer place liens on property for delinquent utility service. She indicated the City used to put liens on property but has not done so for about the last 10 years. She also indicated that she would like to propose a deposit for every customer.

City Consultants.

At the previous meeting, Duane Cole gave the members a list of City consultants. Kathy Tri updated this list and presented the Committee with dollar amounts that had been paid, to date, to the various consultants.

ADJOURNMENT:

The Committee adjourned at 8:40 a.m.

MONDAY, 7:00 a.m.

APRIL 12, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by Chair, Donna McCain at 7:00 a.m.

ROLL CALL:

Present: Donna McCain, Chair
Barbara Secor
Bert Pennock
Dale Welcome
Gary Hay

Others Present: Donna Proctor, Mayor
Duane Cole, City Manager
Diane Padilla, Assistant Finance Director
Kathy Tri, Finance Director

NEW BUSINESS:

MONTHLY REPORTS:

Kathy Tri passed out some examples of monthly and quarterly reports that she had obtained from other cities. Dale Welcome also handed out an update to his sample format for a monthly report. Dale Welcome expressed concern that he is having a hard time getting a picture of what is occurring in the City financially. He developed these reports to get a level of comfort. He feels that it is important to use the information that the City already has available to it so that we do not increase the staff work load. Bert Pennock indicated that he is concerned that we make sure that the City gets its dollars worth out of what we take in and wants accountability for expenditures.

They continued some discussion about the article in the Sunday Oregonian on PERS and issues relating to compensation.

The Committee reviewed the various sample reports. Duane Cole also discussed with the Committee what is the legal budget and what is authorized to be spent. Gary Hay asked about the state law that prohibits deviating from budget by 15%. Kathy Tri and Duane Cole will provide Gary Hay with the appropriate ORS section. The Committee decided to go with Dale Welcome's format. He will provide Kathy Tri with a disk so that she can put it on her computer.

Bert Pennock also indicated that if the staff needs an emergency meeting of the Finance Committee in order to get an item on the council agenda in a timely manner it should feel free to call the Committee together. Kathy Tri indicated that there were two financial issues still to come before the council including funding for the plumber and recognition of some bond proceeds to pay the bond expenses. The latter will be on the May 3 council agenda. The plumbing expenses will probably be on the June agenda after she and the building official have time to analyze exactly what the contract costs will be for the fiscal year.

ADJOURNMENT:

The Committee adjourned at 8:45 a.m.

MONDAY, 7:00 a.m.

MARCH 22, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order at 7:05 a.m.

ROLL CALL:

Present: Gary Hay
Dale Welcome
Bert Pennock
Barbara Secor

Others Present: Donna Proctor, Mayor
Duane Cole, City Manager
Stan Newland, Interim Police Chief
Diane Padilla, Assistant Finance Director
Kathy Tri, Finance Director

NEW BUSINESS:

Review of sewer hospital refundings. Kathy Tri reviewed the proposed bond refundings for the 1986 sewer and hospital bonds. She indicated that the refundings will save the sewer fund approximately \$34,000 a year and the hospital \$29,000 per year. The refundings will be on the April 5, 1993 Council agenda. Committee members asked several questions about the information that was presented. MOTION: Pennock/Welcome moved to accept the bond refinancing plans and recommend Council approval, passed by those present.

Duane Cole reviewed the purchase of the SIU vehicle. He explained to the Committee that he looked at the issue in more depth when he got back to the office after the previous meeting. He explained that the City has a license to attend the Portland Auction and it is limited to the purchase of SIU vehicles. The City has the ability to pay wholesale prices at the auction and approximately two years later, sell the vehicle for the amount that we bought it for. He explained that budget numbers are estimates of what the staff anticipates to spend. In the budget process the staff develops a plan on what it would like to spend. The total dollar amount is the staff's limitation on what can spent. The Finance Director's role is to see that when a purchase is requested that there are sufficient budgeted funds to spend the money. The key is that in the past as we go through car rotation and funds have not been available, the Police Department has been able to transfer funds to cover any anticipated needs. Local governments are unique in that they must budget every thing that is spent. He indicated that next year the staff will increase the budget amount to cover unanticipated needs.

Stan Newland added that the staff use to buy SIU vehicles locally. SIU cars need to be street type cars that blend in and need to be rotated fairly frequently. As cases come up, they may need to change cars. Dale Welcome asked if the money was in the budget when the SIU car was bought. Kathy Tri responded that yes sufficient funds were in the budget at the time. Gary Hay asked if the City sold a car before it bought the new one. No, the City did not sell the car before it bought the new one. Dale Welcome indicated that he didn't feel that coming in to change the budget after the purchase order was issued, was appropriate. He expressed concern with controls of the system. The Committee further discussed the budget and purchasing process. Donna Proctor expressed concern that every time she asked for information different

dates were provided to her. Bert Pennock indicated that the staff should hold an emergency session if funds are needed for purchasing.

MONTHLY REPORT:

Kathy Tri gave the monthly report. She explained that Dale Welcome had worked on a different format for the monthly report but due to time constraints she had not implemented it. It was suggested that a sub-committee get together at the April 12 meeting to review the monthly report format. The Sub-Committee will consist of Gary Hay, Barbara Secor, and Dale Welcome.

MONTHLY TRANSACTIONS:

Barbara Secor questioned Stan Newland about police overtime and why so many officers are at our local court. Stan explained most overtime is caused by court overtime, holidays, and other circumstances. If an officer is off duty during court time, they receive overtime pay. He explained that he works very closely with the District Attorney to insure that only key officers attend a trial. However, they have no control over subpoenas by the defense. He indicated that officers receive a minimum of two hour call back pay including court. He was not sure what case she was referring to and why there were so many officers in the room. Minimum staffing is two officers and one supervisor on at all times. Overtime covers vacation and sick leave, working over a shift, call-in, court and holidays.

Bert Pennock asked questions about professional services. Kathy Tri will try to provide more information on professional services and what the services are for.

Staff indicated that the first budget meeting would be on Tuesday, April 27, 1993 at the Library. The Committee requested that budget meetings be held at the Wastewater Treatment Plant.

ADJOURNMENT:

The Committee adjourned at 8:45 a.m.

MONDAY, 7:00 a.m.

MARCH 29, 1993

FINANCE COMMITTEE
MINUTES

HORSELESS CARRIAGE

NEWBERG, OREGON

The meeting was called to order by Donna Proctor at 7:05 a.m.

ROLL CALL:

Present: Bert Pennock
Dale Welcome
Barbara Secor

Others Present: Donna Proctor, Mayor
Roger Currier
Duane Cole, City Manager
Peter Sturdevant, Milliman, and Robertson

BUSINESS:

The purpose of this special meeting of the Finance Committee was to review the City's retirement plan. Kathy Tri reviewed the information that was sent to the Committee: the plan documents, the 1992 actuarial study, the "Equal To or Better" study, asset management and the proposed amendments. She indicated there were certain times when the City is required to do an evaluation. The City evaluates the plan annually through an actuarial study, results of which are incorporated into the annual audit in order to comply with GASB #5. The other time that the City is required to do an evaluation of its plan is when PERS has changes that would change the Police and Fire plan. The Committee discussed a number of issues related to the retirement plan including local control, liquidity of investments and associated risk and the development of a second retirement plan for new employees. Peter Sturdevant reviewed the information from the annual audit. He indicated that what is in the audit is a snap shot of the plan on June 30, 1992.

The Committee then discussed why the City might want to roll into PERS. Duane Cole indicated that it is the intent of the City to reduce long term costs of the City's retirement plan. Because of a drafting error in the early 1980's, the City's plan is very expensive. The City has two options; it can develop a second retirement plan for new employees or it could roll into PERS. He is proposing that we roll the management employees into PERS for two reasons. The first reason is to help recruitment of department heads and mid-managers who tend to come from other communities and the second is to reduce long term cost. He indicated that part of the problem with having two retirement plans is that in approximately 10 years about half of the employees will have the new plan and about half will have the old plan; they will start comparing. That could cause some problems among the employees. He indicated that at this time the City's preference is to move management employees to PERS and to develop a second plan for new employees. **MOTION:** Welcome/Secor move forward with a proposal to convert the management group to PERS and to develop a second plan eliminating the added benefit for new employees. Vote on the motion passed by those present.

Staff explained that the City must maintain a retirement plan equal to or better than PERS for Police and Fire employees. When there is a significant change in PERS benefits, the City is required to evaluate its plan to insure its comparability. Currently, the legislature is still dealing with the effects of a U.S. Supreme Court Case from the State of Michigan. It is unknown at this time how the results of this solution will affect the City's Police and Fire Plan. Staff indicated that this was one issue that was making them examine PERS in more detail.

ADJOURNMENT:

The Committee adjourned at 8:15 a.m.

Monday, 7:00 a.m.

February 8, 1993

CITY OF NEWBERG
FINANCE COMMITTEE
MINUTES

Horseless Carriage

Newberg, Oregon

Chair Donna McCain called the meeting to order at 7:05 am.

ROLL CALL:

MEMBERS PRESENT: Donna McCain
Barbara Secor
Dale Welcome
Bert Pennock
Gary Hay

OTHERS PRESENT: Donna Proctor, Mayor
Kathy Tri, Finance Director
Roger Currier

MINUTES:

Donna McCain began by saying she tried to find a brief description of Robert's Rules but couldn't. She reviewed some of the basic rules.

The minutes of the December 29, 1992 and January 25, 1993 minutes were presented. Gary Hay indicated that he wished there had been more discussion included in the minutes about some of the significant audit changes, i.e. the prior audit adjustment of \$1.5 million and the change in the depreciation schedules. Donna McCain indicated that she would like to have Neil Erickson, the City's Auditor, come back to discuss the audit with the City Council. Roger Currier indicated that there were 95 changes in numbers between the draft and the final. He wondered why there were so many differences between the draft and the final document. Dale Welcome explained that rarely does the draft mirror the final document. He indicated clients may request changes and during the concurrent review numbers can be changed. He indicated it was best to look at material changes. It would be these changes that he would be most concerned with. However, general adjustments and reclassification numbers were not a concern. Gary Hay indicated that he would like to spend more time with the auditor. Donna McCain indicated that because the auditor had sat through the long meeting she wanted to allow him to give a brief review of the financial statements. Dale Welcome suggested that the council prepare questions for Neil to respond and review later.

Gary Hay asked if he could discuss budget process concerns. The first concern dealt with subscriptions and dues. He would like to see the City zero base budget dues. He indicated he was not against the City paying for dues and workshops due to job requirements. He indicated that it may be possible, out of the \$175,000.00 or so in the budget, to have some savings. He indicated

each department needs to justify all of their dues, meeting, and subscriptions, and the organizations they participate in. There was some discussion about the need for membership and professional associations in order to stay current, improve education, provide a broader prospective, professional development and job requirements. Dale Welcome indicated that it is important to justify what we are doing. He indicated that, for example, he is required to obtain CPE credits and that Kaiser pays for it. However, during the budget process, they look at opportunities and prioritize educational opportunities in order to get the biggest bang for the buck. Donna Proctor added that she felt it was important that only one member of the City belong the various community groups.

Gary Hay's second concern was in office supplies. He'd like to be shown a separate tally of total office supply expenses in the City. Kathy Tri indicated that would be possible. Donna McCain indicated that the City Council shouldn't direct the City Manager in how to order but it was appropriate to set general policy on purchasing. Dale Welcome agreed that there is a bigger issue for the Finance Committee to review and that would be to review the general purchasing policies and guidelines that could be set forth for the City Manager and Departments.

MOTION: Hay/Secor moved to recommend the zero base budget for dues, membership subscriptions and travel to association meetings.

CONTINUED BUSINESS:

Building Inspection Needs:

Kathy Tri presented, for Duane Cole, a proposal to increase the Building Department by a half-time secretary and plumbing inspector. She indicated that permit activity continues to increase substantially and revenues are projected to be available to cover the cost of these two changes.

Donna McCain indicated that she thought these should be held until the budget and included in the new budget. This would provide us a couple more months of revenue projections. She also recalled that in last year's budget the plumbing inspector's position was combined with a code enforcement position. She didn't feel it was appropriate to jump into the middle of the year to make these significant budget changes. Roger Currier wondered if Dundee would be willing to contract with the City for plumbing inspection services which would provide additional income to cover the cost of the position. Dale Welcome agreed that this should wait until the budget process and forecasts are prepared for next year. He was also interested in knowing the impact of the code enforcement officer on other departments.

MONTHLY TRANSACTIONS:

Donna McCain indicated that while this meeting was primarily to complete the review of the accounts payable for the month of January, that it was important before the meeting, to review the list and get a hold of Kathy for answers. Kathy also indicated that it was possible for committee members to call her at home with questions so that she could have time to research them, or to respond to questions if need be. Barbara Secor added that she wishes to have

a detail of the payroll included in the monthly transactions. The Committee then reviewed the accounts payable transactions. Questions were raised about the Fire Department's computers, the heaters purchased from A-1 Furnace, for the maintenance yard, the reimbursement from NLC for Elvern's travel to the national league, the heaters at the Water Treatment Plant, the quarterly fee to Marion County for RAIN.

OTHER BUSINESS:

Dale Welcome indicated that he would like to spend time defining the committee's mission and setting ground rules. He felt it was important, at the next meeting, to begin brainstorming the scope of work for this committee. He felt that some information should be provided monthly, quarterly and semi-annually. He also wanted the committee to prioritize issues. Areas he felt the committee should generally review and set policies include purchasing, accounting, debt management and investments. The committee generally agreed that this is a good idea and Kathy Tri indicated that she would bring a chart pack at the next committee meeting for the committee to begin doing such.

ADJOURNMENT:

The committee adjourned at 8:50 a.m.