

A MEETING OF THE
FINANCE COMMITTEE

Thursday, 7:00 a.m.

Velvet Carriage

December 6, 1984

Present: Rick Rementeria
Roger Gano
John Poet
Eldon McIntosh

Elvern Hall, Mayor
Brenda Stroud, Finance Director
Arvilla Page, City Recorder

Old Business:

1. Deferred Compensation (City Manager). Ms. Stroud called attention to her memo dated November 15 showing the results of various deposits for varying years in to a fund for future compensation for the Manager.

Mr. Gano stated the dollars look small if the purpose is to keep the manager from leaving Newberg. We need to have an initial investment to establish a reserve. He asked how much \$10,000 and \$500 per month would net. Ms. Stroud indicated it would be about \$48,000 in five years.

The Committee then discussed what would attract the Manager compared to offers that he receives, under what conditions pay out would be made, various criteria for funding and expenditure options. Also discussed was Council control, review annually at contract time, option to distribute over a five year period and the need to change language in the Manager's contract.

Recommendations: Initial \$5,000 and 10% of salary; given at discretion of the Council; no distribution if dismissal for cause; designate a portion for recruiting replacement; and a 3 year term life insurance policy of \$15,000.

Mike Warren, City Manager, joined the meeting at this point.

2. Bonded Indebtedness. Mr. Warren stated the Mayor will present his 'State of the City' address in January. It would be an excellent occasion to let the citizens know what is planned for the 'excess' sewer bond proceeds.

The Committee discussed several options as follows:

1. Pay debt service next year equal to \$1.68 per thousand of assessed value. This would use the reserve and the tax rate would go up the next year.
2. Place it in an escrow account, use it to pay debt service after the project is completed.
3. Place it in an escrow account to earn interest for three years. Use the interest earnings to pay debt service and lower the tax rate. The result of this option would be not taxing for the excess, but not giving it back just yet.

Finance Committee
December 6, 1984
Page 2

Mr. Poet stated the people are concerned that if the money is available, it will be used for some purpose other than being used to lower taxes.

Mayor Hall noted that not all factors are known yet. Other bond issues that will be paid this year will drop the rate next year. The following year, it will drop an additional amount.

Meeting adjourned at 8:15 a.m.

MINUTES OF A MEETING OF
THE FINANCE COMMITTEE

Thursday, 7:00 a.m.

Velvet Carriage

November 15, 1984

Present: Rick Rementeria, Chairman
Roger Gano
Eldon McIntosh
John Poet

Richard Faus, City Attorney
Brenda Stroud, Finance Director
Arvilla Page, City Recorder
Mike Warren, City Manager (after
discussion on Item #A, Old Business)

Old Business:

A. Deferred Compensation (City Manager): Ms. Stroud referred to her memo on the subject. The objective is to provide incentive for the manager to stay with the City, but also provide the Council control as to when the manager would receive any of the deferred compensation, if ever. There are three ways to set up a non-qualified compensation plan: Whole life insurance, term life insurance and a City administered annuity. These could be combined. What are the ultimate goals of the Council? Key man insurance? Incentive? Ms. Stroud stated she would recommend a combination of term life insurance and City administered annuity.

Mr. Gano noted that if the goal is to have an incentive to retain the manager, the sum available should be equal to what the pay is now or offered by somebody else. The plan could start in mid-year in lieu of a larger salary increase. There needs to be some language on the plan as a supplement to the manager's contract.

Mr. Poet stated his concern about whether this would be in keeping with the kind of stewards of the peoples money that the Council should be. The taxpayers are paying bonds at about the same interest rate as would be accumulated in an annuity.

Mayor Hall noted that the money is set aside also for the expense the City would have if the manager leaves. This factor is in addition to its use as an anchor. Mr. Gano noted that \$50,000 after five years was not much of an anchor.

Mr. Rementeria noted that in future years the City may have employees ready to move in to the position and the growth of the fund may not be that important.

Mr. McIntosh noted that the Council would always have control, even if it were a large amount.

Mr. Poet stated that a document is needed spelling out the details with blanks for the Committee to fill in. Ms. Stroud asked for some boundaries on the document which were provided as \$5,000 initial amount, various possible monthly contributions and term life at the beginning in the amount of \$10,000.

Discussion on the subject was continued to the next meeting of the Committee on Tuesday, November 27, 1984.

B. Fund Balances: Ms. Stroud presented the fund balances for the various funds as of June 30, 1984. All funds, with the exception of the Sewer and Water funds, show the City is in good condition financially. The Sewer and Water funds will improve with the increase in rates and some other accounting adjustments. The Bancroft Bond Redemption fund will also improve, depending on the disposition of the Flightway property now owned by the City.

Mr. Rementeria stated that, as a retiring Council member, he can propose changes in compensation for the Council. He suggested that the Council be paid minimum wage for all meetings of the Council and Council committees.

Mr. McIntosh, also a retiring Council member, recommended an additional \$5 per meeting to be used as expense offset. He also suggested that the compensation be deferred to the end of the councilmembers term of office.

The two recommendations were discussed briefly by the Committee. Further discussion will be by the full Council at the regular December, 1984 meeting.

C. Assistance: Mr. Warren noted that the grant monies for the Economic Development and the Sewer Plant include an administration allowance. Monitoring the grants will require additional Finance Department staff time, more than the present staff can be expected to handle efficiently.

Mr. Gano questioned whether a new Finance Department position would be permanent or temporary.

Mr. Warren responded that we expect to continue receiving grants. He noted that a full-time position is needed at the library also. The library building size is being increased four-fold. The expansion has placed additional work on the present part-time staff as well as on the Library Director.

Mr. McIntosh noted that it is very evident that another full-time person is needed at the library. He stated he would recommend a new full-time position and, additionally, another part-time position in the future. He noted also that the library staff is already receiving requests for use of the meeting rooms when the expansion project is completed.

D. Bonded Indebtedness, Sewage Treatment Plant: Ms. Stroud presented a memo on the City's present tax rate, future estimated tax rate, and what portion of the tax rate is for retirement of the sewage treatment plant bonds. Approximately \$2 million of the bond issue may not be needed because we have obtained grant monies. She proposed four alternatives for reducing the debt service levy. The Committee discussed the various alternative and whether the tax payers are expecting a reduction in the tax rate prior to completion of the new plant. It was agreed to discuss the subject further at the next Committee meeting on November 27.

There was no other business to come before the Committee and the meeting was adjourned at 8:15 a.m.

A MEETING OF
FINANCE COMMITTEE

Tuesday, 7:00 a.m.

Velvet Carriage

October 23, 1984

Present: Richard Rementeria
Roger Gano
John Poet

Elvern Hall, Mayor
Brenda Stroud, Finance Director
Arvilla Page, City Recorder

Annuity Program: Mr. Gano presented the wording from the contract he worked under while he was employed by Purchasing Management Association. He pointed out that the wording is very important to avoid a tax liability by the manager or employee that is to be covered, prior to receipt of the benefit. The employee covered could not claim the benefit until service with the City is discontinued. It would not be available to the employee if the employee is terminated with cause. Mr. Gano and Mr. Hall each reported that they had received benefits, the cash value, of policies which were turned over upon dissolution or sale of a business. Mr. Gano recommended a policy at \$100,000 that would also protect the City and provide reimbursement for costs to replace an employee. Recommendation: That Brenda Stroud and John Poet meet with Stonewall Pension Services for advice. Agents, local preferred, then be contacted for proposals.

Library, Finance, and Planning Departments: This is consideration of additional personnel. Further discussion tabled until City Manager is present.

Revolving Loan Fund: Ms. Stroud reported on the activity of the Revolving Loan Fund. Administrative costs of \$9,200 have been identified to date. We are now receiving about \$2,500 per month in payback. This amount will increase in the future. Mr. Poet noted that we need to be able to show that the need for additional people is being paid for by funds requiring more work. Mr. Gano suggested that a loan fee of 1.5% be charged at origination of any loans to help defray the additional staff costs. The fee should not be limited by a dollar amount.

Meeting adjourned at 7:50 a.m.

A MEETING OF THE
FINANCE COMMITTEE

Tuesday, 7:00 A.M.

September 25, 1984

Velvet Carriage Restaurant

Present: John Poet Elvern Hall
Eldon McIntosh Michael Warren
Rick Rementeria Brenda Stroud
Merlin LaJoie, Newberg Garbage Service
Marvin Schneider, Newberg Garbage Service

Old Business:

- A. Discussion of proposed rate increases. Ms. Stroud presented an analysis of the proposed rate increases. The rate increases were stated on a per yard basis and were then compared to increased costs on a per yard basis.

Recommendation: That the garbage rates be accepted as presented by Newberg Garbage Service.

New Business:

- A. Discussion of \$40,000. loan to NCRC at 11% for 90 days. The loan can be made on October 1, 1984. Mr. Poet questioned the interest rate as to whether it was high enough. Ms. Stroud stated it was approximately the average interest being earned by the City on excess funds.

Recommendation: To approve the \$40,000. loan to NCRC at 11% for 90 days.

Meeting adjourned.

A MEETING OF THE FINANCE COMMITTEE

Thursday, 7:00 a.m.

J's Restaurant

September 20, 1984

Present: Richard Rementeria	Brenda Stroud, Finance Director
Roger Gano	Mike Warren, City Manager
John Poet	Arvilla Page, City Recorder
Eldon McIntosh	Merlin LaJoie, Newberg Garbage Service
Elvern Hall, Mayor	Marvin Schneider, Newberg Garbage Service

New Business

A. Discussion of proposed rate increases - Newberg Garbage Service. The last rate increase granted was July 1, 1983. Prior to that date, an increase was granted July 1, 1981. Mr. LaJoie stated the rate increase request is based on the increased cost to haul to Riverbend landfill. The new rates are figured on the basis of no surcharge. A surcharge is placed on haulers to the landfill to support recycling. Newberg Garbage Service has an active recycling program in effect. However, it does not look good at this point that the surcharge will be suspended for them. Mr. Schneider stated that most of the Newberg recycling is clubs and organizations. There needs to be another push for recycling by residents. Mr. LaJoie noted that discounts from the rates are given for customers with less than weekly pick up. Some customers are 'on call' only. Missed weekly pick ups and extra pick ups are tracked and accounted for.

Mr. Gano asked whether revenues from the transfer station are included in the calculations. Mr. LaJoie responded that dump fees at the transfer station will be set separately and the franchise fee will go to the county. The dump fees have been approved by the Solid Waste Committee.

Mr. Rementeria asked whether someone from the Newberg City Council be a representative at the Solid Waste Committee. Mr. LaJoie stated he felt they should as their decisions do affect Newberg Citizens.

Mr. Warren suggested that Newberg Garbage Service ask for the the City's support at the Solid Waste Committee. Motion: Gano-Rementeria that the Mayor advise the Solid Waste Committee that the City of Newberg supports the request of Newberg Garbage Service for waiver of the surcharge for recycling. Carried unanimously.

Mr. McIntosh suggested that the rate increase be no more than the inflation rate of 4%. Mr. Rementeria stated he did not agree with that suggestion. He felt the rate increase request should be based on the relationship between increased costs and the cost per customer, or increased costs per yard. The Committee agreed with Mr. Rementeria and suggested that Mr. LaJoie could have Ms. Stroud assist in calculating the increased cost per yard and customer.

The Committee members, Mr. Warren, Mr. Schneider and Mr. LaJoie then discussed water service, annexation and amendment of the UGB as to the Transfer Station site. Mr. LaJoie and Mr. Schneider stated they would like to be within the City and also would like to have access to city water. Mr. Warren advised that the UGB amendment process is lengthy and ordinance prevents water service connections outside the City limits. Mr. LaJoie stated it is foolish for them to be spending a lot of money now for a well and water system when the water service will be available in the future. Mr. Warren stated that additional input is needed from the City Attorney to see if there is anyway possible to provide water service at this time.

B. Update on Computer. Ms. Stroud reported the General Ledger is up and running. The utilities are still not running, but progress is being made. The new IBM-AT is being looked at for the needs of other departments. This is a linked system and the software if available off-the-shelf.

C. Review of copy machine purchase. Ms. Page reported the Police Department has done extensive search and testing of various copy machine from various suppliers. They have chosen the Ricoh machine. Total cost on a three year lease is under \$10,000 with the cash price of \$7,350. The lease/purchase of the machine is a budgeted item. Also in the budget is a machine for use at the Engineering Annex. The old machine now being used in the Police Department will be moved to the Annex. The Police Department averages 6,490 copies per month. All the other departments average 14,451 per month. Recommendation: That the Council approve lease/purchase of the Ricoh photocopier.

D. Discussion of custodial service. Mr. Warren stated that Ms. Page has done a review of the janitorial and maintenance service needs of the City now and in the near future. When the library is completed, more janitorial services will be needed. Also, additional time spent on janitorial and maintenance in the other buildings would be beneficial. It would cost the City less than at present with the janitorial service to employ 3 permanent part-time people to provide janitorial service for all the buildings as well as maintenance. Recommendation: That the janitorial service be changed from contract service and that the City hire the Donaldson's for two of the part-time positions.

E. Mr. Warren reported on the status of the Sewage Treatment Plant grant application. The 8th Street pump station has been included in the grant which will have the effect of saving \$300,000. We will know if the grant has been approved a week from September 19.

Meeting adjourned.

A MEETING OF THE FINANCE COMMITTEE

Thursday 7:00 a.m.

Velvet Carriage

August 16, 1984

Present: John Poet
Mike Warren, City Manager
Brenda Stroud, Finance Director
Arvilla Page, City Recorder

Since there was only one member of the Committee present, Mike took the opportunity to review the retiree health insurance matter for John and for Brenda.

The matter of health benefits was brought to the Finance Committee because of a new 25% surcharge on retiree's Blue Cross Insurance. Because of the surcharge, John Paola a recent retiree and Tom McGinnis soon to retire, have asked that consideration be given to the City picking up the extra cost.

Mike pointed out that the City's retiree benefit on health insurance is probably the best in the state. The Council approved, through the Personnel Ordinance, payment of insurance coverage for the retiree and spouse for a limited period for those employees that retire after 25 years service. Coverage for the retiree only is provided for those with less than 25 years service. The retiree insurance coverage applies to only those employees that retire prior to January 1, 1986. This provision limits the City's liability for future retirees. In addition, the ordinance states 'any penalties associated with the cost of providing insurance over and above those costs for a regular employee and spouse shall be borne by the retiree.'

The petitioners have said the following:

- a. Retiree health insurance was negotiated in lieu of salary some years ago and this cost should be picked up by the employer.
- b. The personnel rules were changed and it is not fair to charge them for changes.
- c. Consideration was given to those retirees with 25 years or more service and the same consideration should be given to other retirees.

The costs for health insurance at the present time are:

- \$ 71.85 - Employee only
- \$101.60 - Cost for spouse
- \$ 18.00 - 25% surcharge for retiree
- \$ 26.00 - 25% surcharge for spouse.

The City pays \$71.85 for a retiree with less than 25 years service and, if the retiree chooses to have coverage for the spouse, \$145.60 per month for those with over 25 years service. A retiree would have to pay \$44. per month surcharges if the spouse is covered.

John stated he believed the City's insurance benefit is very generous for retirees and should not be increased.

Meeting adjourned at 8:00 a.m.

A MEETING OF THE
FINANCE COMMITTEE

Wednesday, 7:00 a.m.

The Almond Tree

May 23, 1984

Present: Richard Rementeria
Roger Gano
John Poet

Elvern Hall, Mayor
Mike Warren, City Manager
Rick Faus, City Attorney
Brenda Stroud, Finance Director
Arvilla Page, City Recorder

The Committee and staff discussed the maximum income levels for qualification by senior citizens for the utility discount. It was felt the Social Security figure of over \$13,000 was too high a maximum for a couple. Various options for setting the figure at a different amount were discussed. Recommendation: The maximum income figures should be \$6,980 for single and \$9,870 for a couple. Mr. Poet voted nay as he felt even the single maximum was too high as it is equal to a 14% increase from last year. The couple maximum reflects the same 14% increase from the previous year maximum.

Ms. Stroud explained that the requested budget transfers are mostly from within the same budget section rather than from the contingency accounts. Recommendation: To approve the budget transfers as requested.

Mr. Warren asked for input from the Committee on any increase in benefits or wages for employees. He listed a number of benefits that would be new or increases in present benefits. He also provided the dollar impact the various options would have on the budget. The increases, if any, will be discussed more fully at the Council level in executive session.

Mr. Faus stated there will be an "Anti-Trust" Resolution presented to the Council. It is a statement that the City will be in compliance with Federal antitrust laws. Actually, a statement of 'intent not to violate'. Recommendation: That the Council adopt the resolution.

Meeting adjourned at 8:10 a.m.

ap

Wednesday, 6:00 p. m.

April 11, 1984

A MEETING OF
THE FINANCE COMMITTEE
OF THE COUNCIL

Council Chambers

Newberg, Oregon

The meeting was called to order by Chairman Richard Rementeria.

Present - Roger Gano
C. Eldon McIntosh
Richard Rementeria

Elvern Hall, Mayor
Mike Warren, City Manager
Arvilla Page, City Recorder
Brenda Stroud, Finance Director

Absent - John Poet

Mr. Warren asked the Committee members how they saw their roll in reviewing the Budget as the Finance Committee. After discussion, it was determined their purpose was to review the entire budget with its various funds overall and to raise questions that relate to the overall budget. Mr. Warren then presented the various sections of the budget.

Storm Sewer Fund: Mr. Warren stated that one of the priorities given to the staff by the Council was a storm sewer management plan. This fund has had revenues from a five year serial levy which is now completed. No major construction projects have been funded this past year so there will be a substantial carry-over. At the Finance Committee meeting on March 30, the question was raised as to the need for the consultant. Mr. Warren presented four points supporting the hiring of a consultant instead of having the work done by staff. Mr. Gano stated that perhaps the staff does not want to be responsible for management of the study within the department. It would cost less to do in-house.

The discussion then turned to plan studies overall. It was noted that several studies for different concerns have been done in the past. We need to be sure the completed plans do not sit on the shelf. Mr. Warren stated this study would not sit on the shelf if the money is committed for the projects. The new City Engineer was hired to implement the completed plans. Mayor Hall noted that the existence of a plan places a requirement on any subdividers to build to the requirements of the plan. If an individual were hired as part of staff, that individual could be side-tracked to other work.

The Committee then discussed the possible future revenues for the Storm Sewer fund. Mr. Gano stated he did not believe it will be possible to ask the people for additional revenues for storm sewer purposes for several years because of the recent requests for the library and sewage treatment plant. The Storm Sewer Fund was referred on to the Budget Committee for possible further discussion.

General Fund: The over-all revenues and expenditure requests for the General Fund were reviewed for the Committee by Mr. Warren. He pointed out to the Committee that the \$49,382 expenditure increase from last year is an increase of 2.39%. The tax base increase approved by the voters was meant to last for two years. The 1984-1985 budget will be the third year within the tax base limit. Committee members asked for and received clarification on several revenue sources.

Finance Committee

April 11, 1984

Page 2

The Committee then reviewed the proposed department budgets in the General Fund. Short discussion was held on the following concerns: 1. The need to consider replacement of the telephone system as the present system has become inadequate to handle the load and is requiring considerable maintenance. 2. Whether the City staff should be more involved or less involved in the Downtown Association and with other commercial groups. 3. The Comprehensive Plan Update in the Planning Department. 4. The need for high speed photography in the Police Department. 5. The clerical staff needs of the Fire Department.

Mr. Warren advised the Committee that all computer related requests from the various departments have been transferred to the Capital Improvement Fund. All purchases will be approved and made from that fund in order to maintain overall control. Nearly every department has requested some item.

State Tax Street Fund: The Committee reviewed with little comment. Management has under consideration a plan to redistribute manpower in public works that would affect this fund.

Federal Revenue Sharing: The projected increase in grant funds has been proposed for one-time items, such as the library building project. The transfer to the General Fund has not been reduced. Mr. Warren reiterated his statement of previous years that the General Fund should stand on its own and not be dependent upon transfers from other funds.

Meeting adjourned at 9:30 p.m.

A MEETING OF THE
FINANCE COMMITTEE

7:00 a.m., Friday

The Almond Tree

March 30, 1984

Present: Richard Rementeria, Chair
Roger Gano
C. Eldon McIntosh
John Poet
Mike Warren, City Manager
Arvilla Page, City Recorder
Brenda Stroud, Finance Director

The Committee began review of the staff proposed budgets for the 1984-1985 fiscal year which were presented by Mr. Warren.

Library Building: Ms. Stroud explained the projected revenues and expenditures of this fund. A fund balance of approximately \$885,000 is estimated at July 1. This represents the unexpended bond proceeds at that point. This fund has a transfer from State Revenue Sharing as a revenue. The State Revenue Sharing funds have been transfers to the General Fund as tax offsets in prior years. Using the State Revenue Sharing funds in this budget will eliminate one source of revenue for the General Fund. If the projected donations are not received, the building project is designed in sections so that portions can be completed at later dates.

Library Gift & Memorial: The Council set up this fund specifically for donations to the library generally and not for building specifically. It is not possible to do an accurate estimate of revenues. Also, because some donations may be for specific items, the expenditures are difficult to project. If revenues exceed the projections, this budget would need to be revised before expending the additional revenue.

State Revenue Sharing: The revenue for this fund is based on projections made by the League of Oregon Cities. The expenditure is a transfer to the Library Building Fund. The expenditure of \$55,000 exceeds the projected current revenue by using part of the fund balance carryover.

Storm Sewer: Last year was the final year on a five year serial levy. The levy has produced about \$30,000 per year. The amount has not been enough to do any projects and the funds have been accumulated as indicated in the large beginning fund balance. Other sources of revenue are the receipt of taxes levied in prior years interest earned on idle funds, storm sewer fees and transfer from Federal Revenue Sharing. The transfer from FRS has been increased to offset the loss of the tax levy. Projects totaling \$230,153 are proposed. \$40,000 is proposed for consultation fees for a storm water management plan.

Mr. Gano questioned when the city would have enough staff to eliminate hiring consultants. Mr. Warren responded that staff is fully involved in other projects and pointed out the savings being made on the aerial photography by using staff for the preparations. Mr. Gano stated the city could hire a person and buy a computer for the specific project and when the project was completed, the city would have the computer.

Minutes
Finance Committee
March 30, 1984
Page 2

Mr. Poet noted that two different consultants will give two different sets of figures. Generally, they report the opinions of the staff.

Mr. McIntosh stated that the Public Works Director has said the drainage problems are identified.

Mr. Rementeria noted that Mr. DiLoreto, City Engineer, is fully utilized now, but could delegate the work with his expertise..

The matter was referred to later review.

Capital Improvement: This fund will be the final fund to be completed in the budget process. The revenues are transfers from other funds for accumulation and expenditure at a later date, interest earned on idle funds and public land fees.

State Tax Street Fund: This fund has two fund balances. The projected fund balance for street purposes and a fund balance designated for traffic control. Revenues are traffic control fees, transfer from other funds and a portion of the tax levied by the State on each gallon of gas sold in the State. The city will receive increased gas taxes; the transfer from Federal Revenue Sharing remains the same. The proposed expenditures do not provide for any carryover at the end of the year. The Committee reviewed the personal services section of the budget.

Meeting adjourned to Wednesday, April 11, 1984 at 6:00 p.m. in the Council Chambers.

ap