

MINUTES OF A MEETING
OF THE FINANCE COMMITTEE

Wednesday, 6:00 p.m.

Council Chambers

November 19, 1986

No quorum was present at 6:00 p.m. and those present discussed generally several items on the agenda until 6:23 p.m.

Members present at 6:00 p.m. were John Poet and Donna Proctor.

Ms. Stroud noted there will be more revenues on the next several reports because we will be receiving tax revenues.

On court appointed attorney fees, Councilwoman Proctor stated she felt the fee should be held to around those being paid by other cities. Ms. Stroud noted the proposed ordinance places a maximum amount where most other cities do not. Councilman Poet stated that he would like to have some input from City Attorney Mahr on this item as he has recently worked as a court appointed attorney.

Those present reviewed and commented on the press release regarding the advance refunding of the bonds. The item has not yet appeared in the Newberg Graphic.

Ms. Stroud noted that she included in the packet a list of questions she felt were appropriate to ask when reviewing applicants for investment management. She asked that the Committee provide other questions they think appropriate. She added that we would always call other clients of the applicants for references.

Ms. Stroud reported that Mr. Tucker of Specialty Contracting has not yet provided the information requested for the contract adjustment.

Ms. Stroud reported she has met with the City Manager and City Attorney regarding the selection of an auditor. A disadvantage of requesting bids is that the applicants 'low ball' to get the contract and then do not do as good work as they might have otherwise. She added that no action is needed on this item on the agenda. Ms. Stroud explained the different advantages and disadvantages amongst national, regional, and local auditing firms.

Meeting called to order at 6:23 p.m. by Chairman Gano.

Members Present: Roger Gano Donna Proctor
John Poet

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

The discussion on auditing firms was continued.

Councilman Gano asked if there were many changes in municipal finance rules. Ms. Stroud responded that there are many at present. A municipal accounting board was established just two years ago. Prior to that time municipalities were under general accounting guidelines. Municipal accounting is different and needs separate rules and guidelines and there is now an effort to develop standards.

Councilman Gano asked whether there is a default time in the auditing contract. Ms. Stroud responded there is none in the contract. However, they are required to meet a State imposed deadline.

Ms. Stroud noted that no action is needed on the new audit contract other than the Council granting authority to the City Manager to sign a contract.

Agenda I-A.

Ms. Stroud reviewed the Financial Statements for October. She noted that State Gas Tax revenue is up because of an increase in the gas tax. On expense in the General Fund, we will now be able to generate the figures for the adjustment needed in Personal Service; Legal Department. The expense in Street Personnel is up because of several projects.

Councilman Gano asked Mr. Warren when we would hire a new Public Works Director. Mr. Warren explained the search procedure and noted the minimum time for hiring a replacement would be several months.

The Committee unanimously recommended approval of the October Financial Statements and that they be placed on the December 1, 1986 Consent Calendar.

Agenda I-B.

Ms. Stroud stated the audit for 1985-1986 is to be ready for the December 1, 1986 Council Meeting. The information provided in the packet is from the draft audit report. Most funds had a larger carry over balance than projected in the 1986-87 budget.

Agenda I-C.

No action by the Committee was needed on the Supplemental Budget Ordinance. The Council will hold a public hearing on this on December 1.

All items under Old Business on the Agenda had been previously discussed.

Other Business:

Councilwoman Proctor advised that something needs to be done about the traffic on Crestview Drive. There is too much, mostly A-Dec generated, and it is too fast.

Councilman Gano asked whether traffic control fees were collected from Bi-Mart and what does it take to get a traffic light at Elliott and 99W. Mr. Warren responded that fees were collected from Bi-Mart. The State controls the installation of traffic lights on State highways. The Committee recommended this be referred to a committee of the Council and that representatives from the State come to a meeting of the Committee on this subject.

Mr. Warren presented a proposal to adjust salaries for certain positions in emergency services. He stated he had conducted a survey of other cities and our salaries are below the average. He stated he would recommend a one Group adjustment, or 2.5%. This still would not bring all the positions up to the average. He pointed out the advantages of maintaining salaries at near or a little above average for the positions.

The Committee discussed the pros and cons of making the salary adjustments. They then suggested that this be placed in the Friday packets for all the Council to review and provide feedback to the City Manager.

Meeting adjourned at 7:25 p.m.

MINUTES OF A MEETING
OF THE FINANCE COMMITTEE

Wednesday, 6:00 p.m. Council Chambers October 29, 1986

The meeting was called to order by Chairman Roger Gano at 6:10 p.m.

Members Present: Roger Gano
Hal Grobey
John Poet

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

NEW BUSINESS

A. Financial Statement Review.

Ms. Stroud stated that all revenues are about where they are expected at this time of the year. She explained the reasons for several departments being above the projected rate of expenditure. She noted that in most cases these are normal expenditures that occur near the beginning of the budget year. Only a few may require transfers later.

The Committee unanimously approved and recommended the financial statement to the Council.

B. Discussion of City Hall Remodel.

Ms. Stroud stated that she had requested Mr. Tucker to prepare a listing of additional supplies and labor he has expended on the remodeling project. This listing is included in the packet. She added that he has actually done more than what he has listed and described a number of instances.

The Committee discussed the amount of compensation to be paid for the extra materials and work and the method to be used in making the compensation.

The Committee unanimously recommended that the Council authorize a supplemental contact up to \$3,000 to cover the additional work done by Tommy Tucker on the remodel.

C. Discussion of City Attorney Contract Revision (moved to last item on agenda.

D. Discussion of Travel Policy for City Council Members.

Mr. Warren noted that we have a travel policy now that pays for actual documented expenses. Councilman Tucker has suggested the Finance Committee consider a per diem. Other cities pay a set amount per diem.

He asked the Committee to consider whether we should change to a per diem for Council members. The amount of \$50 per diem was agreed to be an appropriate amount.

The Committee discussed the advantages and disadvantages of the two methods of reimbursement, what a per diem amount would include and the amount of any per diem.

The Committee unanimously recommend that the travel policy be amended and that it be on the agenda for the November 3, 1986 Council meeting, after review by the City Attorney.

OLD BUSINESS

A. Audit for Year Ending June 30, 1986.

Ms. Stroud reported that the audit will not be presented until the regular December Council meeting. She noted that staff changes at Coopers & Lybrand and some difficulty working with some of the staff has resulted in the delay.

The Committee discussed changing auditors for the next fiscal year and asked Ms. Stroud to bring some comparison information on several companies to the December Finance Committee meeting.

Chairman Gano adjourned the regular meeting to an Executive Session under the rules of ORS 192.660 (1)(a), personnel.

Ms. Stroud was advised that she could remain if she wished. She chose to remain. All others as noted above were present.

1. Discussion of City Attorney contract revision.

Mr. Warren reported that he has been conducting negotiations with the candidate for City Attorney. Negotiations are progressing well and a copy of the proposed contract will be in the next Friday Packet to the Council. He elaborated on some of the concerns expressed by the candidate.

Chairman Gano adjourned the Executive Session to the Regular Session.

Meeting adjourned at 7:30 p.m.

MINUTES OF A MEETING
OF THE FINANCE COMMITTEE

Monday, 6:00 p.m.

Council Chambers

October 13, 1986

The meeting was called to order by Chairman Gano.

Members Present: Roger Gano
Hal Grobey
John Poet
Donna Proctor

Others Present: Elvern Hall, Mayor
Mike Warren, City Manager
Brenda Stroud, Finance Director
Arvilla Page, City Recorder
Linda Miller, Chairman of Board, Newberg Human
Resources
Norma Sillaman, Director of NED's Place

NEW BUSINESS:

1. Request from NED's Place.

The City Manager reported there are serious financial conditions at NED's Place. The City has an interest in this service as it provided a beginning grant of \$4,000 and we have a stake in its future.

Linda Miller, stated they are asking for a one time grant of \$1,500 to operate NED's Place through November 30 when a grant payment from Fred Meyer Charitable Trust is due. Action is being taken to reduce expenditures and increase revenue from various sources.

Members of the Committee asked Ms. Miller and Ms. Sillaman a number of questions about other funding, number of people served and fees charged. Councilman Grobey asked why the hospital has not taken responsibility for this service. Ms. Miller responded that the hospital has talked about offering this service. They do offer a service where invalids may be left at the hospital overnight or for a few days without actually being checked into the hospital. She noted that the hospital has agreed to provide meals to NED's Place through January free of charge. Councilman Gano asked what the annual budget is and was told it is about \$40,000.

The City Manager noted that the management that the Social Service agencies is now receiving cannot be compared with that previous. It is much better.

The Committee concurred that they would like to have a report every few months on the activities of the agencies.

Motion: Grobey-Proctor that a resolution be drawn granting \$1,500 to NED's transferred from the Contingency Account. Carried unanimously.

2. The Finance Director presented a calendar for publication and hearing dates for s supplemental budget. She noted there was no choice on the dates. The hospital will be included in the supplemental budget.

OLD BUSINESS:

1. Approve advance refunding plan.

The Finance Director noted there are also some firm dates concerning the advance refunding. The bids on the bonds will be opened at 4:00 p.m. on November 5 and the Council will need to accept the bid prior to 11:00 a.m. on November 6. This will give the consultants overnight to run the figures. A quorum of the Council will need to be assured for this meeting which will be very short.

The plan for the advance refunding was then presented to the Committee and reviewed. \$5,597,100.42 will be saved on debt service comparing the two bond issues.

The Finance Director noted that the saving will not be reflected initially in a lower tax rate, but will lower the tax rate for debt service in the future. Taxes would have increased under any other plan to refund the \$2,800,000 to the people.

Councilman Grobey noted that the effort by the staff to refinance the debt service of the City and the Hospital has been tremendous and they should be commended for their effort which has been going on for over a year.

Motion: Grobey-Poet that the Finance Committee approve the bond refinancing as presented in Number 3 for the total Sewage Treatment Plant Bond Issue, with \$2,800,000 from bond funds and interest. To draft a letter to Government Finance Associates to file the plan with the State Treasurer's office. Carried unanimously.

Meeting adjourned at 7:00 p.m.

MINUTES OF A MEETING OF
THE FINANCE COMMITTEE

Wednesday, 5:50 p.m. Council Chambers October 1, 1986

Members Present: Hal Grobey, Vice-Chairman
 John Poet
 Donna Proctor

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

The meeting was called to order by Vice-Chairman Grobey.

NEW BUSINESS:

1. Economic Development Revolving Fund: Establishment of a non-interest bearing checking account via resolution.

Ms. Stroud explained the need for the separate bank account and the reason it must be non-interest bearing as requirement of the State.

The Committee concurred in approval of the resolution.

2. Advance Refunding: Two resolutions authorizing the City to proceed with the advance refunding and to retain Lindsay, Hart, Neil & Weigler as bond counsel for the 1984 Sewer Bond issue and the 1980 Hospital Bond issue. (Harvey Rogers will be the attorney).

Ms. Stroud noted that one resolution is for the City and one for the hospital. The hospital will take their package to the State Treasurer for approval first. The City will be a little slower.

Councilman Grobey asked questions regarding the use of the 2 million dollars and any other monies. Are there any other unrestricted funds available? (Unrestricted funds refers to cash which is not yield restricted). He noted that any money added to the cash defeasance will shorten the bonds term of payment. Also, the new tax law will have a severe impact. Any interest earned on bond proceeds will not go to the City, but to the Federal Government. This is the current interpretation of the new tax law and Mr. Rogers is researching this question at this time.

Ms. Stroud responded that there were no unrestricted funds. There will be about 2.7 million to work with. We are waiting for EPA to approve KCM's contract on the STP. We might be able to reverse part of the \$499,281 that was budgeted for transfer to the Debt Service Fund by the Council. Rather than transfer the money to the Debt Service Fund, it could be used in the advance refunding. This, however, would effect future debt service tax rates. The Council would also need to reevaluate the use of the \$499,281.

Councilman Grobey suggested that we could use the STP Contingency money to help fund the advance refunding and if any construction costs were incurred which were not anticipated, then the Systems Development Fund monies could be utilized.

Ms. Stroud stated that any plan change would have to be reviewed by Government Finance Associates. She stated that she would also review the suggestions with the City Manager, Public Works Director, Assistant Finance Director and Interim City Attorney

The Committee unanimously recommended approval of the two resolutions to the Council.

3. KCM Contract for Allen Fruit Company Pretreatment Project.

Ms. Stroud explained that Allen Fruit Co. is asking the City to apply for a grant to solve the sewage problem which is impacting Allen Fruit's BOD and SS loading of the sewage treatment plant. They must have a solution outlined prior to November 1 so that the City will qualify for emergency funds. The total cost of the engineering study is \$21,375. The City would pay this cost and be reimbursed by Allen Fruit for one-half.

Councilwoman Proctor asked whether this is not really Allen Fruit's obligation.

Ms. Stroud responded yes, but it is also the City's obligation as the City will violate the discharge permit if the problem is not resolved. We want to retain a good working relationship with Allen Fruit and insure that the City is not forced to shut down Allen Fruit if DEQ cites the City. The fine levied on the City by DEQ could be as much as \$10,000.00 per day if nothing is done.

The Committee unanimously recommended approval of the resolution to the Council.

4. Resolution on contract with architects for the Senior Center.

Ms. Stroud stated that several locations for the center are being looked at. The cost of the architect, not yet available, will be shared equally by the City, Seniors, and Chehalem Park & Recreation.

The Committee unanimously recommended approval of the resolution contingent upon written commitment on the cost sharing.

OLD BUSINESS:

1. Status of Bancroft foreclosures:

Ms. Stroud noted that we must be careful on foreclosures. Other cities have lost money when delinquent property taxes and other costs were added in. She stated that she will proceed, but check carefully before actual foreclosure. We have heard from some of the property owners, but payments have not been forthcoming..

2. Status of investment firm review.

Ms. Stroud stated that this item is not a priority item now. She will place a higher priority on this after the Advance Refunding is completed.

CONTINUING BUSINESS:

1. Financial Statement Review; July 31, 1986.

Ms. Stroud noted that the July report shows one-third of the projected Building Permit Fees has already been received. This is because of some large projects. She explained the accrual of monies received after June 30 that are applicable to the prior year. Some accounts that are received monthly will show no receipts in July as that payment is received in August.

Ms. Stroud reviewed the expenditures and noted that the seemingly high expenditures in some accounts are preplanned expenditures.

2. Financial Statement Review; August 31, 1986.

Ms. Stroud reviewed the revenues and expenditures and explained any that appeared abnormal.

The Committee unanimously approved the July and August Financial Statements and recommended they be placed on the Consent Calendar.

Councilwoman Proctor stated that she would like to take one department and review exactly what they buy. The other Committee members agreed.

Meeting adjourned at 7:05 p.m.

A MEETING OF THE
FINANCE COMMITTEE

Wednesday, 5:30 P.M.

August 27, 1986

CITY COUNCIL CHAMBERS

Present:

Committee Members:	Roger Gano Donna Proctor John Poet
Staff Members:	Elvern Hall, Mayor Michael Warren, City Manager Brenda Stroud, Finance Director
Citizens:	Bill Humphreys Spike Sumner Mark Meinert

The meeting was called to order by Chairman Roger Gano.

NEW BUSINESS:

Ms. Stroud stated that there would be no July financial statements for presentation at this meeting. She asked whether the Finance Committee wished to set up a special meeting to review the July financial statements in September or if they would like to review them at their normal September meeting. The consensus was that the July financial statements be reviewed at the normal September Finance Committee meeting.

Resolution for the canine program was presented by Ms. Stroud. Donna Proctor recommended approval of the resolution to the City Council. Seconded by John Poet, carried unanimously.

Meeting adjourned at 5:44 p.m.

A MEETING OF THE
FINANCE COMMITTEE

Thursday, 5:45 p.m.

Manager's Office

July 31, 1986

The meeting was called to order by Chairman Gano.

Members Present: Roger Gano
John Poet
Donna Proctor

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

OLD BUSINESS:

A. Advance Refunding.

Ms. Stroud announced that a copy of the video tape of the meeting on July 24 is available for viewing. This tape is of Rebecca Marshall's presentation to the Committee on debt financing.

Ms. Stroud stated that Ms. Marshall recommends advance refunding as the best route, but not just now. We would like to proceed with the advance refunding as though it will take place. There are several steps to be taken in the process.

Ms. Stroud announced that Harvey Rogers, who has been our bond counsel on previous bond issues, has changed affiliations. He is now with the firm of Lindsay, Hart, Neil & Weigler. She stated she would recommend that the City stay with Harvey Rogers as he is familiar with the City's requirements and staff. He was the counsel on the sewage treatment plant issue. In addition, he is chairman of the State Municipal Bond Advisory Committee.

Ms. Stroud noted that the savings by advance refunding will be in the range of 4.5%. You must have a savings of at least 3% to use advance refunding. The savings is the difference between the principal and interest costs on the old and new bond issues.

Ms. Stroud reported that Ms. Marshall had had a long session with Bob Bigalow after the meeting on July 24. He asked some good straight forward questions.

Councilman Gano asked how we can tell the people that you have given back the 2 million by using advance refunding. Ms. Stroud responded that we would not actually have to use the 2 million, but there wouldn't be as much savings.

Councilman Poet stated that he did not see any other way to go. Mayor Hall noted that the 2 million is now being used to the best advantage of the people that we can legally do. We need to say that we are doing all that is legally possible to lower taxes.

Councilman Poet stated he felt we should proceed with things and not make a big deal out of it. He stated he was ready to make a motion to that effect.

It was the consensus of the Committee to proceed with the advance refunding procedure.

Ms. Stroud stated that Newberg cannot refinance by themselves. We must go through the legal procedures. When the refinancing is complete, taxes will immediately go down. That will show we are giving back the 2 million. We will be able to show real numbers between the give back and advance refunding.

Councilman Poet stated that a good analogy is refinancing a home.

B. Court Appoint Attorney Fes Ordinance.

Mr. Warren stated an attorney had requested that the City review its fees paid to court appointed attorneys. A poll was conducted and the results are included in the information packet. The average payment is \$30 per hour with no maximum or a maximum that is higher than ours.

The Committee discussed the proposed ordinance briefly.

Motion: Poet-Gano to table the proposed ordinance until the October meeting of the Committee. Carried unanimously.

C. Quarterly Investment Review.

Ms. Stroud had presented a report of investments as of 6/30/86 in the information packets. She stated the City had 11.8 million of idle funds invested. Most of this is invested with the Local Government Investment Pool as it has the highest rate of return at present. One good investment that was made was 2 million with Ben Franklin. The 7% rate now looks very good, with 1 million invested to 3-30-87 at that rate.

Councilman Gano asked if there were a way that our investments could be compared with other cities. Ms. Stroud and Mr. Warren responded that there is no method to make that comparison. Each city would have a number of factors that would be different from ours, making a comparison difficult.

Councilman Poet noted that the most important figure is the amount that we are not having to pay for interest because we do not have to borrow money to operate.

Ms. Stroud reported she has been working with Spike at the hospital investigating other ways of handling investments. She reported they had attended a presentation from one company that believes they can increase our rate of return. We have set up a meeting with them for our next scheduled meeting of this Committee. We have also asked them to provide a written proposal.

Ms. Stroud stated that she has also asked Rebecca Marshall to recommend several local firms that could offer the same services on investments.

Ms. Stroud added that the Finance Committee, would still have to make any decisions on investment strategy

D. June Financial Statements.

Ms. Stroud stated she has put together an analysis of where we are on projections as these are the preliminary year end figures. Significant is the fact that both Police and Fire departments are under budget projections.

Motion: Poet-Proctor to accept and refer to the Council the June, 1986 Financial Statements. Carried unanimously.

NEW BUSINESS

A. Delinquent Assessments.

Ms. Stroud stated there are several assessment liens that are delinquent for over a year and are now subject to foreclosure. These accounts have failed to respond to numerous requests for payment. She stated she would like to take a hard stand on collection.

Ms. Stroud reviewed several of the accounts and responded to questions by the Committee.

The consensus of the Committee was to move forward on collections.

Meeting adjourned at 7:00 p.m.

A MEETING OF THE
FINANCE COMMITTEE

Wednesday, 6:00 p.m.

Council Chambers

July 23, 1986

Members Present: John Poet
Donna Proctor

Others Present: Brenda Stroud, Finance Director
Doug Richmond, Asst. Finance Director
Rebecca Marshall, Bond Consultant
Arvilla Page, City Recorder
Spike Sumner, Hospital Finance Director
Dan Wilson, Video Camera Operator
Bob Bigelow, Newberg Graphic

Because there was no quorum present, the Committee decided to continue the meeting and recommend to the City Council on the items on the agenda.

There was no old business for review of the Committee.

NEW BUSINESS:

A. Advance Refunding - Presentation by Rebecca Marshall. Ms. Marshall presented comparison charts (Exhibit I of these minutes) for those present to refer to in her presentation.

Ms. Marshall stated that Advance Refunding can be compared to the refinancing of a home mortgage an interest rate lower than that on the original mortgage. The City has several options for disposal of the bond monies that will not be needed for the sewage treatment plant construction. These options are:

1. Buy the bonds back. This would be the worst thing to do. With the present low interest rates, this would be very expensive.
2. Use the money to pay current debt service on the bonds. This is also a bad option as you are using bond proceeds to pay interest costs.
3. Cash Defeasance. Invest the money until the call date and then call in the bonds. This option is shown on the first page of the comparison charts. This option would save about \$95,000 interest per year after 1993 assuming the excess bond monies to be \$1,000,000. The longest term bonds would be called.
4. Advance Refunding. The net savings would be \$1,605,00 assuming \$1,000,000 was available for the transaction.

To use 'advance refunding' on the Sewage Treatment bond issue, new bonds would be sold and the proceeds would be placed in escrow

with a commercial bank until 1992 when the bonds on the original issue can be called. The interest earned on the new bonds would pay their cost until that time.

Ms. Marshall explained investment options and the restrictions that are placed on use and investment of the money by state and federal regulations.

The City may also want to consider 'advance refunding' on some of its older bond issues that have a high interest rate. Using 'advance refunding' on the Sewage Treatment Plant bond issue would lower the debt service in future years.

Councilman Poet asked how we could show the people that we are saving them money. Mr. Richmond stated that we have other charts showing the savings in taxes.

Ms. Marshall said a refinancing plan will be prepared for the Council to approve. It will then be submitted to the State for approval. Bond issuance will then proceed as usual. The bond sale would not have to go back to the people for approval as the State law allows this procedure if it saves money. She stated that she would recommend 'advance refunding'. Oregon has the strictest laws in the nation on 'advance refunding'.

Mr. Richmond noted that the word 'restricted' used in the charts relates to interest rates that can be earned and not the purpose for which the money can be used.

B. Court Appointed Attorney Fees Ordinance. Both Councilmembers stated they had reviewed the material on this subject and would recommend this be held for review and discussion at a later date.

C. Investments - Quarterly Investment Review. Mr. Richmond reviewed the report briefly. Most of the City's idle funds are invested in the Local Government Pool which is presently earning 6.6%. \$2,000,000 of the STP bond funds are invested in longer term TCDs earning 7.8 and 7.0%.

Mr. Richmond stated that he and Ms. Stroud had attended a presentation by Investment & Capital Management Corporation on various ways to invest money for maximum return. They specialize in investments for government agencies.

D. June Financial Statements. Mr. Richmond reviewed the June Financial Statements briefly, pointing out some increases in revenues and the reasons for the increases.

A MEETING OF THE
FINANCE COMMITTEE

Wednesday, 6:10 p.m.

Council Chambers

June 25, 1986

The meeting was called to order by Chairman Roger Gano.

Members Present: Roger Gano
Hal Grobey
Donna Proctor

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

Old Business:

Economic Development Revolving Fund Budget Transfer Resolution:

Mr. Warren described the activities of staff members related to this fund and its activities and described future plans. He stated that Art Shew is very valuable in this.

Mr. Warren reported that he and Clay Moorhead had gone to Salem to testify before the IRD. A rule change is being considered that would penalize all the recipients of the grants for the mismanagement of the funds by only one.

The Springbrook Road Improvement is being looked at as possibly qualifying for ED funds and possibly some lottery monies. A combination of funding will be needed to do the project the right way.

Councilman Grobey stated he appreciated the report on this fund and stated that he would like to see a quarterly report on the Economic Development Fund activities.

Motion: Grobey-Proctor to recommend approval of the Economic Development Fund transfer resolution. Carried unanimously.

2. Audit Contract.

Ms. Stroud noted that the audit contract with Coopers & Lybrand is very close in cost to last year. The increase is the cost of the single audit required for the Sewage Treatment Plant. She stated she is investigating whether the added cost can be charged to the STP Fund. She stated she believes, at this point, that it can.

Motion: Grobey-Proctor to recommend approval of the contract and the resolution to the Council. Carried unanimously.

New Business:

1. Accepting bid on Workers Compensation.

Mr. Warren stated he received a memo from the City Attorney that has not been copied to the Committee. The City has had a good relationship with the current insurer, Liberty National. The two low bidders for this year were Liberty and CIS with the CIS bid about \$3,000 higher. However, the CIS bid is for a guaranteed cost and the Liberty bid is retro where the cost could be either more or less. We have had good experience with the retro plans, but the benefits are not now as evident.

Ms. Stroud stated the bid for workers comp is about \$24,000 less than the total budgeted in the various funds.

Councilman Grobey described several areas where the staffs of the City and hospital are working together to improve service and reduce costs.

Motion: Grobey-Donna to recommend approval of the staff recommendation to accept the bid of CIS. Carried unanimously.

2. Cost of Living Budget Transfer.

Motion: Gano-Proctor to recommend approval to the Council of the Cost of Living Fund Transfer. Carried unanimously.

3. May Financial Statements.

Ms. Stroud reviewed the revenues. She stated that revenues in the General Fund are close to the estimate. Revenues in State Tax Street are a little above projections. Revenues in the Sewer and Water Funds are also a little higher than projected.

Ms. Stroud noted that expenditures for the year will be approximately 10% below budget. Mr. Warren added that the employees are aware of the value of keeping costs down so that we will not have to go to the voters for more money.

Proctor-Gano to approve and recommend the May Financial Statements. Carried unanimously.

Meeting adjourned at 6:45 p.m.

A MEETING OF THE
FINANCE COMMITTEE

Wednesday, 5:30 p.m.

Council Chambers

May 28, 1986

Members Present: Roger Gano, Chairman
Hal Grobey
John Poet
Donna Proctor

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

OLD BUSINESS:

Clarification of recommendation on \$499,281:

Ms. Stroud stated she and the City Manager had discussed this recommendation. She noted that once the money is committed to debt service it cannot be touched for any other use. The question is whether the desire is to transfer the money over the three year period on a yearly basis or to make one transfer now.

Councilman Grobey stated the intent is to commit all the money to debt service, but not to allocate the yearly amount beyond the first year. Also, we may be able to transfer other money which would be decided later. The other Committee members concurred in this interpretation of intent.

NEW BUSINESS:

April Financial Statements:

The Committee, after a short review, recommended adoption of the April Financial Statements to the Council.

Resolutions at June 2 Council meeting:

Ms. Stroud reported there will be two resolutions. The first resolution is accepting State Revenue Sharing for 1986-1987. This is a standard resolution required each year. The second resolution is a transfer of \$20,000 in the State Tax Street Fund from the Contingency Account to Personnel Service. She stated, that based on projections, the Personnel Services Account will be over expended at June 30 without the transfer.

Audit Contract for FY 1986-1987:

Ms. Stroud noted that the Audit Contract had just been received. Something was left out of the contract and it has been returned for correction. This years contract will be for \$11,500 which is \$1,500 higher than last year. The additional cost is for the

Single Audit which will include the grants. The contract will be on the July agenda.

Councilman Poet asked whether it would be possible to get the additional cost out of the STP Fund. Ms. Stroud responded that this is will be attempted.

Economic Development Revolving Fund:

Mr. Warren stated he has been conferring with the Planning Director on the need to have someone to work specifically on economic development. Too much of the Manager's and Planning Director's time is being used for economic development, but it needs to have someone giving it their full attention. They would like to have \$17,000 moved from the Economic Development Revolving Fund to be used as \$15,000 for Personnel Service and \$2,000 for advertising. We would have someone that could go after more grants, advertise for new businesses and industry and there would be someone to follow up on those that showed interest in locating in Newberg or a Newberg business that wants to expand. There will be about \$33,000 interest earnings in the Revolving Fund this next fiscal year.

Allocating the money for this purpose can be done with an amendment to the 1986-1987 Budget ordinance or it can be done later with a budget transfer.

Mr. Warren continued that a key property for economic development is the Werth property on the southeast corner of Springbrook and 99W. The City should go out and seek what they want on that property. We need someone regularly contacting people and following through. Art Shew has worked on projects for us in the past and has been responsible for obtaining some of our grants.

Councilman Grobey stated that we could amend the ordinance, but he would like to have a statement of purpose and objectives included so that we could measure our progress after the year is over.

Ms. Stroud stated she would recommend that it not be done as an amendment to the ordinance but as a separate resolution. Goals and purposes should be set up. She stated she would not want to clutter up the the budget ordinance.

The Committee agreed to establish the expenditure by resolution. The resolution to be on next month's agenda and presented to the Council at the July Council meeting.

Mr. Warren stated he had attended the County Economic Development Committee meeting. He stated that we need to be on the County list to get any grants.

The Committee discussed the needs for development of the Werth property.

Mr. Warren stated we need to have more carrots to lure a business to come to Newberg rather than a town down the road. We need to keep working all angles. We need to have someone interested in coming in before we can get the grants.

Meeting adjourned at 6:10 p.m.

MINUTES OF A MEETING OF
THE FINANCE COMMITTEE

Thursday, 5:30 p.m. Council Chambers May 8, 1986

The meeting was called to order by Chairman Roger Gano at 5:50 p.m.

Members Present: Roger Gano
 Hal Grobey
 Donna Proctor

Others Present: Mike Warren, City Administrator
 Elvern Hall, Mayor
 Brenda Stroud, Finance Director
 Arvilla Page, City Recorder

The Chairman noted that the first item on the agenda would probably take considerable time and, since Janet Ker from the Chamber of Commerce is expected to be here for the third item at 6:00 p.m., he suggested discussion first on the second item.

New Business:

B. \$999,000 in STP Building Fund.

The Committee discussed this in great detail. Considerations were the effect on the tax rate by using the \$499,000 balance of these monies, plus other reserves in this fund, when used for long term and short term goals. Given careful consideration was the desire to not only lower the tax rate for the next few years, but to keep the rate fairly level during that time. Also discussed was what could legally be done with various reserves and whether, if reserves are used to offset taxes, there would be enough reserves left in the fund for planned and unexpected improvements.

Councilman Grobey moved and Councilwoman Proctor seconded the following: To recommend to the Council that the \$499,000 in the Sewage Treatment Plant Building Fund be transferred to the Debt Service Fund and that in the first year \$100,000 be allocated for expenditure against the bonded debt on the sewage plant. That the interest earned by the \$499,000 be expended for debt service. That the balance of the \$499,000, and the interest thereon, unexpended be decided as to its expenditure level in the second and third year by the Budget Committee.

Councilman Gano concurred on the motion. Motion carried unanimously.

C. \$1,000 request from Chamber of Commerce.

Janet Ker, Chamber Director, now present.

Ms. Ker stated she has applied for a grant of lottery funds from the Economic Development Commission for the printing of brochures. The grant request is for \$3,000. She has also request an additional \$3,000 for a computer to inventory the businesses and services in the area. She stated she feels there is a good chance the grant for the brochures will be received. However, the grant is conditioned on matching funds. She described three different brochures that are planned. The first brochure is a tourist guide which would be made available at other locations. The second brochure would be an update and reprinting of the color brochure the Chamber is presently distributing. The third is targeted at industries. She stated she hoped this could be a folder holding various information that would interest industries considering Newberg as a location.

Ms. Ker said she has already received money and pledges for part of the matching funds. She would like to have a commitment for \$1,000 from this years budget to help on the matching funds for the grant and to get the first brochure ready before the tourist season. She stated she would also like to ask for \$1,000 from the next fiscal year budget to help pay for the other printing.

The Committee discussed the status of the current budget for special projects and the same budget item for 1986-87. They discussed the value of the different brochures. Mr. Warren noted that an industrial brochure would be a time saver for his office and the Planners. The Committee agreed that the industrial brochure would be of great value and that they would like to see it produced as soon as possible.

Motion: Grobey-Proctor to recommend that the Council donate \$2,000 to the Chamber of Commerce for brochure printing an the basis it will be used for matching funds for the state EDC grant. In the event the grant is not given, the priority expenditure will be for the industrial brochure. Motion carried unanimously.

The Committee then discussed whether requests such as this should be approved by the City Manager, Finance Committee or the full Council. Mr. Warren noted that Special Projects requests or needs are often handled, especially when small or the time is critical, without consultation with the Committee or Council.

Motion: Grobey-Proctor to change in the previous motion, "to recommend to the Council donate", to, "to grant a donation of". Motion carried unanimously.

A. Cost of Living.

The Chairman called the Committee into Executive Session under the rules of ORS 192.660, (1), (d), relating to labor negotiations. All those persons not required for the discussion were excused.

The Committee discussed various salary and fringe benefits that could be given to the employees for the coming fiscal year. They reviewed the Portland Cost of Living Index, salary increases given or planned by local employers, and salary increases given or planned by other cities nearby.

The executive session adjourned to regular session of the Finance Committee.

Motion: Grobey-Proctor to budget for salary increases of 2.5% and provide an additional fringe benefit of orthodontics. Carried unanimously.

The Committee then discussed various sick leave policies and compared them to that of the City.

Meeting adjourned at 8:00 p.m.

MINUTES OF A MEETING OF
THE FINANCE COMMITTEE

Wednesday, 6:45 p.m. City Manager's Office April 30, 1986

Members Present: Roger Gano
Hal Grobey
Donna Proctor

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

Others Present: Vern Ho
Joe Brugato

New Business:

1. Review of March, 1986 Revenue and Expenditure Statements.

Ms. Stroud reported the Northwest Natural Gas Franchise Fee was \$20,000 less than projected. This was caused by NW Natural Gas reviewing tax district boundaries. Franchise fees had been paid to the City in error on a portion of Publishers Paper Company. This will reduce the General Fund carry over by \$20,000 per year.

Councilman Gano noted that now is the time to have an audit of the franchises to make sure all have included areas inside the City limits. We may be able to find enough to pay for the research.

Ms. Stroud noted that the State Gas Tax projections look low, they may come in higher.

2. Senior Citizen Discounts.

Ms. Stroud pointed out that we will not be able to give a discount to the Seniors on the sewer service when the new plant comes on line. She reported she had talked to Social Security regarding income levels and she recommends that the 1986-87 discount remain the same as the previous year.

The Committee discussed the matter at some length. Motion was made by Grobey and seconded by Proctor to renew the Senior Discount and set the income level for a single senior at \$7,800 and prorate for a married couple to a comparable level. Motion carried unanimously.

Old Business:

1. Advance Refunding.

Ms. Stroud presented a schedule of bond principal transactions for FY ended June 30, 1985. She had highlighted those issues that have high interest rates. She asked for the authority to move

ahead investigating advance refunding. The analysis will probably cost less than \$2,000. Motion was made by Proctor and seconded by

Grobey to move ahead with the investigation of advance refunding. Motion carried unanimously.

Other Business:

1. Transfer Resolution.

Ms. Stroud reported the City receives grants that, if not budgeted, cannot be spent legally until a transfer in the budget is made authorizing the expenditure. Other items in the transfer are for Prisoner Expense up \$1,000 because the City is housing female prisoners for the County; no overtime was originally budgeted for Fire Department Personnel, although 2 dispatchers are budgeted to this department and usually work some overtime; the line item for insurance needs \$36,000 additional for rising costs; the Administration Department needs adjustments for deferred compensation, incentive and salaries approved in 1985; the Police Department received a \$100 donation to the K-9 program.

Ms. Stroud noted the increased insurance costs affect all funds where there are personnel and equipment.

Motion by Grobey and seconded by Proctor to recommend adoption of the Transfer Resolution. Carried unanimously.

Other items discussed by the Committee were the effect of the annual Management Letter from the Auditors, representatives from the Hospital attending meetings of the Budget Committee and a transfer situation in the Hospital budget of 1985-86 that does not fit the criteria of the Supplemental Budget.

Meeting adjourned at 7:30 p.m.

MINUTES OF THE
FINANCE COMMITTEE MEETING

WEDNESDAY, MARCH 26, 1986

CITY COUNCIL CHAMBERS

4:30 P.M.

The meeting was called to order at 4:30 p.m.

Present: Committee Members:
Roger Gano
Hal Grobey
John Poet
Donna Proctor

Staff Present:

Michael Warren, City Manager
Doug Richmond, Asst. Finance Director
Brenda Stroud, Finance Director

Donna Proctor left the meeting at 5:25 p.m.

The Committee reviewed the February, 1986 Revenue and Expenditure Statement. Discussion followed and several questions were asked.

Motion: Gano-Grobey to recommend approval of the financial statements to the City Council. Carried unanimously.

The Committee discussed supporting the Information Committee for the Communication Levy. Monetary support in the amount of \$400 was requested at the February City Council meeting and was referred to this Committee.

Motion: Grobey-Poet to approve \$400 for the Information Committee for the Communication Levy. This money is to be used in disseminating information only. Carried unanimously.

The City Manager brought up cost of living increases and discussed this with the Committee members. Committee members stated that they would like to think about this for a couple of weeks and would get back to the City Manager.

Meeting adjourned at 6:30 p.m. to March 27, 1986 at 5:45 p.m. in the City Hall Council Chambers.

MINUTES OF A MEETING
OF THE FINANCE COMMITTEE

Wednesday, 4:30 p.m.

Council Chambers

February 26, 1986

The meeting was called to order by Chairman Roger Gano.

Members Present: Roger Gano
Hal Grobey
John Poet
Donna Proctor

Others Present: Elvern Hall, Mayor
Mike Warren, City Manager
Brenda Stroud, Finance Director
Doug Richmond, Asst. Finance Director
Greg DiLoreto, Director of Public Works
Arvilla Page, City Recorder
Rick Faus, City Attorney
Bob Bigelow from Newberg Graphic

OLD BUSINESS: None.

NEW BUSINESS:

Review of Sewer Rates and Sewer Treatment Plant Project Funding.

Mr. Warren reviewed the memo he wrote to the Committee regarding the anticipated excess bond funds of approximately 2 million dollars. He stated there were three alternatives, which are the only legal alternatives, for the Committee to review. These are:

1. Officially 'give' back the 2 million dollars by buying back bonds.
2. Put some or all of the money into the debt service fund to be used to make payments on the bonds until the money is depleted
3. Continue to use interest from the 2 million dollars to offset some or all of the bond payment associated with the 2 million dollars.

Portions of the bond regulations were read by Ms. Stroud. The regulations require that the bond funds be disposed of within three years of the date on the bonds. The bonds have an 8 year call date and are 20 year bonds.

Councilman Gano stated his concern regarding the three year requirement which forces the City to possibly spend the taxpayers money at extra costs. The law actually discourages the cities from giving back unneeded money.

Mr. Faus stated the requirement is part of the IRS arbitrage requirements. He stated the City could call the bonds early, but this would probably affect the City's bond rating in the future as the investors would object to this action.

Ms. Stroud explained 'cash defeasance' where the money would be locked into an investment path that could offset the cost of the bonds.

Mr. Warren and Ms. Stroud each recommended that the bond consultant, Rebecca Marshall, be retained to analyze our options and recommend the best course to follow.

The Committee discussed the cost of retaining a consultant. Councilman Poet suggested we continue as we are, with the excess money invested, for another year. He stated he is opposed to the cost of the consultant and another year may present a clearer picture of which course to follow. Councilman Gano stated we have to address the promise to the people to give back the money when we know what the costs are. Councilman Grobey noted that the funds are now invested with a negative cash flow of about 1.5%. Mayor Hall stated the consultants report will show us the best way to go and whether we are doing it right.

Motion: Grobey-Proctor to retain Rebecca Marshall to analyze the options available for disposal of the projected 2 million dollar excess bond funds. Motion carried with one nay, John Poet.

The Committee then turned to discussion of the \$999,000 up front costs paid by the City on the Sewage Treatment Plant project. This money is included in the 9.1 million dollars from the bonds and has always been planned for reimbursement of the upfront costs that were ineligible for EPA reimbursement. It was borrowed from the Sewer Fund for planning, design and land costs prior to the awarding of the EPA grants. Mr. Warren stated he is asking the Finance Committee for authorization to repay the Sewer Fund and made the following recommendations for disposition of the payment:

1. Partial funding of depreciation over the next several years.
2. Maintaining sewer rates at their current level for at least another year and then increasing them yearly to keep up with inflation.

He added that in the EPA grant agreements the City agreed to address the issue of inflow and infiltration in the sewage system. Monies to perform the projects should come from the \$999,000 payback to the Sewer Fund. He stated his request on this would be:

- a) Review the alternative of changing the ten year depreciation schedule to a fifteen year schedule.
- b) Look at the possibilities of keeping sewer rates constant for another year with only slight increases afterwards.
- c) Using some of the funds for capital projects associated with the new sewage treatment plant.

Mr. Warren added that his recommendations are based upon the Council's desire to keep rates down or constant for as long as possible without jeopardizing the depreciation schedule or the STP project.

Councilman Grobey stated that it would be appropriate to use some of the funds to fund depreciation. This would be a form of long term investment. We do need to do the capital projects. He would like to see a plan prepared by staff showing the effect of using one-half the money for depreciation funding.

Page 3.

Councilman Poet suggested the money be invested for the depreciation account to earn money to fund depreciation.

Mr. DiLoreto stated we are required by D.E.Q. to eliminate some problems in our system.

Mr. Warren noted that the final decision on the distribution of the pay back will be decided by the Budget Committee during the budgeting process.

Ms. Stroud distributed copies to the Committee of the Sewage Treatment Plant Cost Summary Projections prepared by Mr. Richmond. The report covers original cost estimate to the projected final cost, City and Federal shares, on the various parts of the project. Of particular importance to the City is the column headed "To-Date, Federal Reimbursements". A major part of Mr. Richmond's work is monitoring and obtaining these reimbursements.

Review and approval of January 31, 1986 Financial Statement.

Ms. Stroud presented the statements on revenues and expenditures for January, 1986. Along with the revenue statement, she included written explanations on some of the larger revenue items. The Committee reviewed these items and others in the revenue report. Ms. Stroud noted that all but one section on the expenditures statement were at or under the target of 58.3%. The Administration Department has had some extra expenses that will need a transfer from contingency.

Motion: Grobey-Proctor to recommend to the Council approval of the revenue and expenditure statements for January, 1986. Carried unanimously.

The Committee discussed setting a standard time for the monthly meeting of the Committee. It was determined that the best time, for the present, would be the fourth Wednesday of each month at 4:30 p.m. In the Council Chambers if they are available.

Meeting adjourned at 6:15 p.m.

ap:fncm0226

TO: Mayor, Council, Staff

FROM: City Recorder

SUBJECT: Minutes of Finance Committee 2/26/86

The following is a correction of the minutes of a meeting of the Finance Committee held on Wednesday, February 26, 1986.

Last paragraph, page 1 - should read as follows:

"Mr. Faus stated the requirement is part of the IRS arbitrage requirements. He stated that if the City had an earlier call date on the bonds, this would have affected the City's bond interest rate and the investors would have objected to this action by either not bidding or bidding a much higher rate."


Arvilla Page

ap

Wednesday, 7:00 a.m.

January 29, 1986

MINUTES OF A MEETING
OF THE FINANCE COMMITTEE

Sage Restaurant

Newberg, Oregon

Members Present: Roger Gano, Chairman
Hal Grobey
John Poet

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

OLD BUSINESS:

A. Approve Management Letter Action Plan.

The Management Letter Action Plan was reviewed. Some changes in wording were suggested by the Committee. Motion: Poet-Halstead to recommend approval of the Management Letter Action Plan to the Council. Carried unanimously.

NEW BUSINESS:

A. Review and approve December 31, 1985 Expenditure Statements:

Ms. Stroud presented and reviewed for the Committee the December 31, 1985 expenditure statement, explaining any year-to-date percentages that were significantly more or less than 50%.

Mr. Warren asked the Committee if this report is enough information.

Councilman Grobey stated he would like to see a similar report on some of the other funds. He added that he would like to see more detail on a fairly regular basis.

Councilman Gano stated he would like to see quarterly those payables that are paid automatically, such as contracts. He stated he would also like to see a list of revenues.

Ms. Stroud explained that revenues are received erratically and the revenue report, which is available, might not have much meaning to them. She cited tax receipts in November, franchise receipts in March, and other large revenues received at various times as examples of the uneven receipt of revenues.

Councilman Grobey stated the reports on the other funds could be more of a fund balance statement type of report.

It was decided that next month the Finance Director would provide revenue and expenditure reports for General Fund, Water Fund, Sewer Fund, and Street Fund and report of some regular and unusual expenditures in the General Fund.

Mr. Warren described the sewage treatment plant progress and projection reports that are being prepared by the Asst. Finance Director. Councilman Grobey stated the reports for the Committee could have a comments section to note any items that are out of the norm.

Mr. Warren noted that Councilmembers can always refer back to the budget for the detail on any items in the reports.

B. Insurance

Mr. Warren reported liability insurance costs have increase from \$54,000 to \$105,000. This is a 94% increase.

C. Fund Transfer on Council Agenda for February 4, 1986 meeting.

Mr. Warren stated the \$15,000 transfer is for the long planned remodeling in the Finance Department.

Councilman Gano asked about handicapped access. Ms. Page, the Handicapped Access Coordinator, responded that the review committee had determined that nothing could be done about City Hall without total reconstruction. The library and fire hall are accessible and wheelchair ramps are being constructed according to a plan prepared by the committee.

OTHER OLD BUSINESS:

B. Discuss Social Services.

Mr. Warren reported the three agencies; Y-Cap, NHRC, and Chehalem Valley Senior Citizens Council, have held two meetings and have tentatively agreed to cooperate. The City Council should be looking and weighing budget, long term fiscal goals and the need to assist the people that benefit from social services.

The Committee discussed the political implications of not continuing funding for social services, whether people would support the agencies and replace city funding, how the city could fund in the future, the rental value of the properties owned by the city that are now being used by social service agencies and the adverse effect this has on the city, and the possibility of having to raise taxes to continue funding social services.

Councilman Grobey noted that the study group represented a broad range of people. He stated he felt that social services should appear a some level in the budget; we can then decide which to assist.

Councilman Gano noted that the city cannot continue to give more and more and more.

Mr. Warren noted that we need to consider the cost in relation to the overall budget. The agencies need to be given notice that the issue will not be decided quickly and may be discussed by the full Budget Committee. The agencies should be encouraged to continue to work

together and prepare the most efficient method of disbursing social services.

Meeting adjourned a 8:10 a.m.

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