

Minutes of Finance Committee Meeting, January 21, 1993

The meeting was called to order in the City Offices Conference Room by Acting Chair, Hal Jones at 7:35 PM.

Those present

Committee members

Hal Jones
Irv Kreider
Don Tubbs
J.P. Turner

Staff

Nancy Gross

Don Tubbs moved adoption of the minutes, seconded by J.P. Turner, all voted in favor.

Hal Jones asked for an addition to the agenda to add, as item C under new business, a discussion of the city contracting for the maintenance of small vehicles. Don Tubbs moved approval of the amended agenda with J.P. Turner second. The motion was approved unanimously.

Old Business:

A. Insurance Consultant

The committee did not indicate a preference for any of the potential insurance consultants. It was the consensus that whoever prepared the insurance package should not be a bidder for the insurance.

B. Laundromat Operations

The committee recommends that the water and sewer rates and utility management need to be worked on by the new city manager

C. Use Tax

Nancy Gross remembered a letter from Brooks Chandler setting out the mechanism for the collection of the use tax, that perhaps the committee had not seen. She will try to find that letter and make sure it is available for the next meeting.

D. Capital Improvements Program

Copies of the material that was sent to Juneau was provided to the committee for their information.

New Business:

A. Investment Policy

This matter was set aside until Larry Elam is present to discuss it. Hal told the committee that Larry would like to see the city establish a permanent fund.

B. Lagoon Financing

This was an informational item to bring the committee up to date on financing for the lagoon and the loan application to the Farmers Hone Administration.

C. Contracting for Small Vehicle Repair

Irv Kreider asked what would happen to present city employees. Hal Jones replied that attrition would take care of the problem. Hal said that the city staff is now pressed for time with the maintenance of the sewer lagoon equipment and the city's heavy equipment. His idea is to start with the new police vehicles and run that as a test. It should be put out to bid for the local automobile maintenance businesses. One of the committee members mentioned Phoenix where the city was able to bid on the contract, but had to be competitive with private enterprise.

Don Tubbs moved for adjournment at 8:30. J.P. Turner seconded the motion which passed unanimously.

Submitted by Nancy Gross

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Item B, under Old Business, The Five Year Plan, was the next subject. Mr. Loschky stated that a plan should (1) be a good guideline for the City Council, (2) set forth the philosophy of government and (3) tell the citizens what they are getting for their money. Two papers were distributed concerning the principles of government and entrepreneurial wealth, and Mr. Loschky commented on the roles of government and the free enterprise system in the U.S.

It was suggested that a mission statement would be a good first step toward a plan, and Ms. Gross drafted the following:

"It is the purpose of the City of Bethel to provide a transportation infrastructure and public safety services to the Community in the most efficient manner at a cost the Community can afford."

The committee will continue development of the Plan at future meetings.

The Chairman moved to New Business, and Councilman Jones discussed some recent problems of the Police Department and made the following motion:

The Finance Committee recommends to the City Council that the Bethel Police Department be urged to make all felony arrests regardless of pressure from outside agencies to safeguard the people of Bethel.

The motion was seconded by Mr. Kreider and passed unanimously.

Under New Business, Item B, Budgeting of Adult Fun and Games was discussed. Members made comments about the Council action to restore funding to the Adult basketball and volleyball programs. Mr. Elam had been requested to bring the letter from the Adult League to the meeting and was instructed to include it with these minutes. Following discussion, Councilman Jones moved and Mr. Tubbs seconded this motion:

The Finance Committee recommends the City Council support all Adult Recreational Programs or NO Adult Recreational Programs. Included as examples are: quilters, moose hunters, shooting club, sport fishermen, dog mushers, etc.

The vote was unanimous in favor of the motion.

Under New Business Item C, Sales Tax, two items were discussed. The first was section 4.16.020 of the Sales Tax Ordinance entitled Imposition--Rate--Exceptions. In particular, Section B, which states "No sales tax shall be levied or collected on the following

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retail sales transactions: Item 14. Resale: a sale for resale of a product, service or rental, to a consumer where the resale is subject to tax:"

Mr. Elam explained that merchants from the Villages were requesting an exemption from sales tax for purchases that were to be resold in the village stores, however, since there is no sales tax in the villages the Ordinance did not provide for an exemption. It was the consensus that for goodwill and in the spirit of the ordinance these sales should be exempt.

Mr. Kreider moved that:

The Finance Committee recommend to the City Council that Section 4.16.020 (B) 14 read as follows: 14. Resale or Wholesale; a sale for resale of a product, service or rental.

Mr. Jones seconded the motion and it passed unanimously.

The second item was also a sales tax amendment recommended by the City Attorney to former City Manager Mark Earnest in April, 1991, and just recently located in the files. The committee delayed action until the next meeting.

Item A under New Business, Vehicle Maintenance and Replacement Policy, was the next subject. There was a discussion of the current plans for meetings by the Administration and by the Council on this topic and past problems with vehicles in various departments. The Finance Committee is already on record endorsing the contracting out of maintenance on all vehicles purchased beginning with FY 93.

The following motion was made by Mr. Kreider:

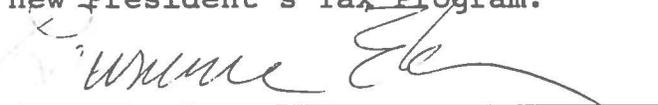
The Finance Committee recommends to the City Council that a Policy be established to identify and justify vehicle needs by department, in writing, from which the City Manager would then develop the total City Vehicle Use Plan.

The vehicles should be replaced when annual repairs exceed the replacement vehicles annual depreciation. Vehicles are to be replaced as they can be paid for by the City.

The motion was seconded by Mr. Tubbs and passed unanimously.

Ms. Walters made a motion to adjourn at 10:05PM

The next meeting is scheduled for April 15, 1993, in honor of our new President's Tax Program.


Lawrence Elam

After discussion a motion was made by Mr. Loschky to change the word consumer to merchant and resubmit the recommendation to Council. Ms. Walters seconded the following motion.

The Finance Committee recommends to the City Council that Item 18 be added to Section 4.16.020 (B) of the Sales Tax Code to read:
18. Sales for Resale Beyond City Boundaries: Sale of a product to a merchant for resale outside city boundaries.

The motion passed unanimously.

The Chairman moved to Item B the Five Year Plan. Discussion centered on the approach to develop a plan and what the plan should contain. City Manager Hunter expressed a desire for the committee to develop a financial plan and indicated the administration would support the effort by forwarding information on plans for development of facilities for water and sewer, port, tourism, etc. Mr. Shrum suggested the committee prepare a questionnaire to be sent to business license holders. Mr. Elam will build a trial model for committee comments based upon the information in the FY 94 budget.

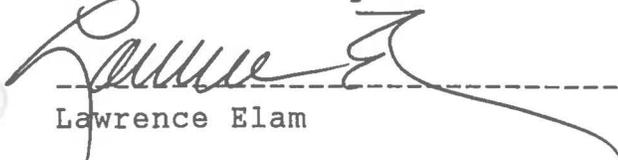
Moving to New business the Chairman asked the Finance Director for an overview of the FY Budget. The comments pointed out the budget was balanced in all areas and there were no increases in sales taxes, water and sewer rates or any fees except the laundromat. Also, mentioned was that the budget was prepared on a timely basis and passed by the Council ahead of the mandated schedule.

As an aside the Chairman asked about the recent Council revenue enhancement work session and the minutes were reviewed for the committee. There was an endorsement of the suggestion to develop an Audit Plan for sales tax collections and it is to be included as an agenda item in July.

Finally, the city insurance program was discussed and it was pointed out that the procedure recommended by the committee was followed this year as responsibility for insurance was returned to the Finance Department. The result was that competitive bids were received, were available for review by June 11 and a savings of perhaps \$100,000 in premiums may be achieved.

Mr. Kreider moved for adjournment at 9:40PM

The next meeting is scheduled for July 15, 1993.



Lawrence Elam

July 19, 1993

Finance Committee Meeting
Minutes of July 15, 1993

Meeting called to order by the Chairman at 7:35 PM

Members Present: Eric Shrum, Chairman
Irvin Kreider
Pat Jennings
Larry Elam, Finance Director
Don Tubbs
Warren Loschky

Members Absent: Councilman Hal Jones
Carolyn Walters

There were three guests present: Bill Stokes, DEC representative, Bruce Perry, Senior Fire Captain, and Jane Elam, City Clerk. The minutes of the meeting of June 17, 1993 were read and upon motion by Mr. Loschky, second by Mr. Tubbs were approved as read. The Chairman called for additions to the agenda, seeing none, a motion was made by Mr. Loschky, second by Mr. Kreider to approve the agenda as presented.

Under Committee member comments it was requested that the June minutes be mailed with the July minutes as some members did not receive them. The Finance Director was asked the status of the new Accounts Receivable package approved in the FY 94 budget. The reply was that the order had not yet been placed. The Staff Accountant that will use the new program will begin her duties on July 19th. Kotzebue has the program and we have been in contact with them to discuss their setup.

Under people to be heard Bruce Perry distributed a paper and made an appeal to the Committee to recommend to the Council a Cost of Living Allowance (COLA) for City employees using a portion of the recent funds received from Transamerica or possibly investment income from these funds. Mr. Loschky commented that the setting up of a COLA could result in a negative adjustment in some years. There were other comments concerning merit increases and longevity increases. The Chairman suggested an agenda item for August on the COLA proposal.

The next guest was Bill Stokes of DEC (the Department of Energy Conservation) who proposed a Public Nuisance Ordinance be passed by the Council to enforce past plans for eliminating the honeybucket option in Bethel.

Mr. Stokes spoke of the health hazards of dumping buckets in open areas and indicated that at least fifty households are using honeybuckets and have not signed up for the city pickup service.

He discussed the LIDL (Local Improvement District Loan) program that assists households in financing water/sewer tank purchases. Mr. Elam indicated that there are over 100 households using honeybucket pickup service. Mr. Jennings indicated that for twenty years Health and Safety have been a priority in this community and the people will support plans to help eliminate this problem. He also mentioned that the construction of some existing houses would not support water tanks. Mr. Kreider discussed efforts the city could make to improve the existing pickup and disposal by the evacuation trucks.

Ms. Elam discussed a task force effort suggested by the City Council following Mr. Stokes recent presentation to them. Jane has volunteered to arrange for work sessions and for presentations to community groups to launch this effort.

The Chairman next turned to Old Business - Sales Tax Audits. Mr. Elam indicated that he had at Council's suggestion requested a quote from the auditors for a weeks work performing audits this Fall but no response has been received. Messrs. Loschky and Kreider discussed situations that occurred with prior audits and suggested some changes. Since this is the last year of the contract with the auditors, it was suggested that the next bid request include a sales tax audit clause.

The next item, Five Year Plan began with a distribution of the FY 94 budget approved by the Council. Mr. Elam explained that the financial model the committee requested would take more time to prepare. There was discussion of the Council's choice of action on the Laundromat and the placing of Use Tax on the Fall ballot.

The Chairman called for New Business - The Fourth of July. Mr. Tubbs questioned the interest of organizations to take on this project without more information regarding costs, participation of the City and planning required. The general feeling was that public service would have to be a major attraction rather than profitability. Mr. Elam indicated that a financial report had not yet been submitted by this years chairman but should be completed in time for the next committee meeting.

The last item on the agenda was the request by the Council for a recommendation to establish a permanent fund using the recent receipt of \$1.2 million from Transamerica. Mr. Loschky spoke in favor of setting up a permanent fund and submitted a copy of the Sitka ordinance for discussion. Mr. Jennings suggested these funds only be used for health and safety projects that would benefit all residents. Mr. Tubbs suggested that only the interest income be used to support projects or retire bond indebtedness for major projects. Mr. Kreider supported setting aside these monies and adding to them when possible and to protect the principal of the fund in perpetuity.

There was discussion of several requests for funding of projects using the monies and all agreed that if no action were taken to set up a restricted fund the money would be expended within a short time.

At this time Mr. Kreider made the following motion: The Finance Committee recommends to the City Council that (1) a Permanent Fund be established and that the \$1.2 million refund be deposited in the fund. (2) That Council consider adding to the fund when any discretionary monies are received. (3) That only the income from the fund be used to support major projects (4) That investment activity conform to the city's Investment policy and (5) That consideration be given to reinvesting a portion of the income to safeguard the purchasing power of the fund.

Mr. Loschky seconded the motion and it passed unanimously.
Mr. Loschky moved for adjournment at 10:25 PM.

The next meeting is scheduled for August 19, 1993



Lawrence Elam

October 1, 1993

Finance Committee Meeting
Minutes of September 30, 1993

Meeting called to order by Chairman at 7:30PM

Members Present: Eric Shrum, Chairman
Pat Jennings
Councilman Hal Jones
Larry Elam, Finance Director
Don Tubbs
Warren Loschky
Carolyn Walters

Member Absent: Irvin Kreider

There were no guests present. The minutes of the meeting of July 15, 1993 were read and upon motion by Mr. Jones, second by Mr. Loschky were approved as read. The Chairman called for additions to the agenda, seeing none, a motion was made by Mr. Loschky, second by Mr. Jones to approve the agenda as presented.

Under committee member comments a question was raised about the report on the 4th of July Pageant. Mr. Elam distributed a copy of the report prepared by Joyce Martin with corrections and notations.

A summary is as follows:

RECEIPTS:

Booth Rentals	\$10,800	
Pageant Entry Fees	210	
Dance Receipts	111	
TOTAL RECEIPTS		\$11,121.00

EXPENDITURES

Refunds (clean up deposits)	\$ 2,100	
Refunds- other	700	
Dance Expenses	310	
Queen Travel	1,372.10	
Trophies, Ribbons, Clean up, etc.	2,839.70	
Coordinator's Fee	1,500	
TOTAL EXPENDITURES		8,821.80

SUB TOTAL \$2,299.20

Expenses listed by City Departments \$4,510.00
(Police, Fire, Public Works)

Attached to these minutes (attachment #1) is a listing (also, Prepared by the Coordinator) of the booth rentals and refunds. Concern was raised about the city's participation in this event and how it was decided that proceeds were to be used to send the Queen to contests in Fairbanks (State competition) and on to the National.

The Chairman directed attention to Item A on the agenda - Use Tax, and called for discussion. Mr. Jones reported that the City Council had approved the ordinance for a use tax as recommended by the Finance Committee and it would be on the October 5th ballot for approval by the voters. Mr. Tubbs (candidate for Council) indicated he had received several calls saying that they would vote against the tax. Mr. Loschky said that there has been so much publicity recently about income tax increases that he thinks people will vote no because it is a chance to express their concern. Pat Jennings pointed out the cost to the City and to the community due to alcohol abuse and indicated that what we have in place does not work. He believes that people who bring alcohol to the city should help pay the cost of the problem it creates.

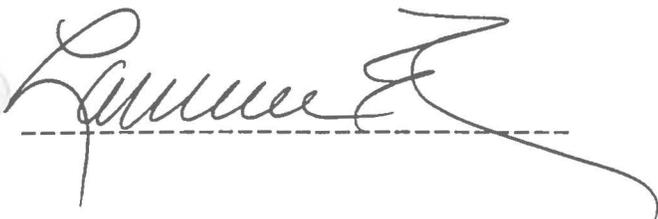
A resolution supporting the passage of a use tax was introduced by Mr. Jones and seconded by Mr. Tubbs and passed unanimously. Mr. Elam was directed to prepare a copy of the resolution and comments and distribute same to the KYUK station. (attachment #2)

The Chairman called for discussion of Item B on the agenda - Permanent Fund. Mr. Jones reported that the City Council had approved the resolution in their meeting of September 14 and passed a budget amendment to transfer the funds in their meeting of September 28. The Permanent Fund was established with proceeds of the Transamerica refund and assets of the Museum and totals \$1.3 million. The ordinance calls for only the earned income to be expended as set forth in the annual city budget.

The Chairman called for discussion on Item C on the agenda - Museum. Mr. Jones reported that the City Council had approved the resolution to transfer the assets of the Museum to the general fund and to discontinue the Museum as an enterprise fund. The Museum has not operated for over two years and the artifacts are to be located in the new Cultural Center when construction is completed.

Mr. Jones moved for adjournment at 9:10PM.

The next meeting is scheduled for October 21, 1993



OCTOBER 1, 1993

PRESS RELEASE FROM CITY OF BETHEL - FINANCE COMMITTEE

SUBJECT: Use Tax on Alcohol Sales

The Finance Committee met last evening to discuss the Use Tax Ordinance that is on the October 5th ballot for City voters.

After a lengthy discussion the following resolution was passed unanimously.

"The Finance Committee of the City of Bethel supports the passage of the Use Tax on Alcohol. The cost of the Police and the Emergency Services operations for Bethel for FY 94 totals \$1,942,125. This represents 39% of the City's general fund expenditures and is 3.4 times as much as the budget for streets and roads and 8.3 times the budget for youth services.

Because of the high cost to the community resulting from alcohol abuse the committee believes the alcohol should be taxed."

The discussion pointed out that in addition to the city's costs there are many other costs, such as the local health and care facilities, court, jail and State Troopers operations. An article in the 9/23 Tundra Drums quoted the Police Chief's estimate that over 80% of police calls are alcohol related.

The City Attorney has indicated that the ability to require out of town sellers to collect the tax on shipments to Bethel is legal. The ordinance also requires buyers transporting large quantities of alcohol who have not paid the use tax to a seller to either pay the tax or sign a form stating it is not for resale.

The Committee feels the question of how much it will cost the liquor stores or airlines to process paperwork is not the issue. The cost to the local area for alcohol abuse is estimated to be several million dollars annually and this is the problem. One member of the committee stated that Al Capone was not stopped for illegal importation of alcohol but for tax evasion.

October 22, 1993

City of Bethel
Finance Committee Meeting
October 21, 1993



Meeting called to order by Chairman at 7:35PM

Members Present: Eric Shrum, Chairman Don Tubbs
 Pat Jennings Warren Loschky
 Councilman Hal Jones Carolyn Walters
 Larry Elam, Finance Director Irvin Kreider

Members Absent: None

There were no guests present. The minutes of the September 30th meeting were read and upon motion by Mr. Jones, second by Mr. Kreider were approved as read. The Chairman called for additions to the Agenda. Mr. Jones requested an Item D under Old Business - 4th of July. Mr. Loschky requested an Item B under New Business - Finance Committee Follow-up. Mr. Jones moved adoption of the agenda as amended Mr. Tubbs seconded, approved unanimously.

Under Member comments Mr. Jones announced that Mr. Tubbs would continue as a citizens representative on the Finance Committee in addition to his other assignments as a newly elected Councilman. Mr. Loschky distributed an article This Town Fired Its Government from a recent issue of the Reader's Digest. (copy attached) Mr. Shrum suggested the November Agenda contain an item --the Five Year Plan and that the City Manager be invited to attend.

Under People to Be Heard Mr. Elam discussed several subjects recently in the public eye - Sewer Lagoon, Purchasing, Police Vehicles and State Charitable Gaming Permits.

The Chairman called for discussion of Item A Sales Tax Audits. A letter from the auditors was read and the cost for a week of fieldwork plus report writing would be \$4,000. This seemed reasonable to the committee. There was discussion of how many audits would be conducted and how the subjects would be chosen. It was projected that perhaps 9-10 audits could be performed and the first selections would be persons who are known to be in business but fail to file returns or are delinquent in their payments. Mr. Loschky moved that a record be kept of the collections and that after the initial cost is recovered the excess be used to finance future audits. Mr. Jones seconded the motion and it passed unanimously.

The Chairman directed discussion to Item B Sales Tax Forms. A copy of the present form with proposed changes was distributed. Considerable discussion was held concerning the need for various details and the requirement for persons to file that have nothing to report but are required to have a business license. Mr. Elam indicated he would seek input on both items and present his findings at a future meeting. Target date for distribution of a new form will be first quarter of 1994.

Under Item C There was discussion of how to proceed with businesses who advise the Finance Office that they are no longer doing business but in fact are advertising and conducting business. Also those who fail to renew or obtain a license and do not remit tax returns. The penalty for late renewal is \$100. Beyond that a lien can be filed and a judgement obtained. (Note: further research indicates imposition of the general penalty ordinance - \$500 fine and up to 30 days in jail) It was suggested that after proper notice the Police be involved. No objections were voiced to the proposed amendment to the License form adding ID or FICA number and ADL number as this information is required to process claims.

Item D - 4th of July was next. Mr. Jones suggested that the City get out of the business. There was considerable discussion of the financial report distributed at the last meeting and the donation of City services and the Park. Mr. Loschky suggested that an arrangement be set up with an organization to reimburse the City for loss of sales tax revenue. Mr. Loschky moved that the Finance Committee recommend to the City Council that a sponsor be found for the 4th of July event. Mr. Kreider seconded and it passed unanimously.

Two somewhat related items were discussed - the proposed flea market operation and the reporting of sales tax by landlords who furnish utilities. Suggestions were offered to simplify the tax reporting on these items.

Turning to New Business the Chairman called for discussion on Item A Contracting City Services. Considerable discussion followed on the Custodial Contract, Vehicle maintenance, Laundromat and Water, Sewer and Solid Waste contracting possibilities. Mr. Loschky, Mr. Jennings and Mr. Kreider mentioned difficulty in moving administration to action after investigations are conducted.

The Chairman took this opportunity to move to Item B - Finance Committee Followup and directed the Finance Director to extend an invitation to the City Manager to attend the next Committee meeting and to provide comment on the Five Year Plan, Fire Department cost vs. benefit, priority on piped water systems, Homeowners fire insurance rates and the recent trend.

Mr. Tubbs moved for adjournment at 10:15 PM. Next meeting is November 18, 1993.

Item B Talk to the City Manager followed with discussions about a five year financial plan and attention to several recommendations from the Committee over a period of years that have not been implemented. Mr. Kreider suggested the City Manager determine what plans are being made for the future by YKHC, AVCP, BNC, State Fish and Game Office and the National Guard. Mr. Loschky suggested the City consider a COLA arrangement for employee increases rather than the present salary scale and that increases beyond the COLA be based on merit. Mr. Elam was asked to develop a draft five year budget based upon his present FY 94 budget format for discussion at the January meeting.

Further comments concerned moving cash receiving from various offices into the Finance Office, Coin controls on Laundromat machines and inventory controls on items for resale in all appropriate locations.

The Chairman turned to Item A under new business and a discussion was held concerning the schedule of piped water systems, the cost, and possible methods of financing. A schedule of the plans approved by City Council will be distributed at the next meeting.

Under Item B Fire Department and Item C Insurance rates, Fire Chief Young made a presentation about his operation. He discussed the paid staff and volunteers, vehicles, 911 service, radio systems and water supply as items that impact the insurance rating for a community. Bethel has a rating of 8 down from a 10 rating several years ago. As an example of the savings to a citizen, the Chief indicated a \$100,000 home would have a \$1,236 premium for fire insurance with a City rating of 10 and \$787 with a rating of 8. This savings of \$449 times the number of residences gives a picture of the value of our present department to compare with its annual budget.

The Chief indicated that additional piped water systems will improve the cities chances of further reducing insurance rates. In order for a city to receive a five rating requires a total piped system. The fire station apartment was discussed and the Chief indicated that he set the monthly rent, determined the qualifications for the tenant and selected the occupant. The Finance Director, recently was asked to assume the duties of risk manager for the city insurance program and he asked the Chief if the department would be willing to conduct fire and safety inspections of city buildings on an annual basis. The Chief indicated that the department would be glad to assist.

The Chairman indicated that the Committee did not normally meet in December due to the holidays. Mr. Jones moved that the next meeting be January 20, 1994. Mr. Loschky seconded, approved unanimously.

Mr. Jones moved for adjournment, seconded by Mr. Tubbs at 11:10PM.