DRAFT

City of Bethel
Public Works and Finance Committees

Joint Meeting of

I. CALL TO ORDER

The meeting was convened at 7:26 PM at the Public Works Conference Room, Bethel, Alaska, by Chairman Mike O'Brien who was unanimously elected to preside by attending members of both committees.

II. ROLL CALL

Present:	Public Works Committee Members: Mike O'Brien, L.J. Davis, Kevin Murphy, Jerry Haines
Absent:	Tad Miller, Ollie Olson, Andy Scheall
Present:	Finance Committee: Wally Wallace, Hal Jones, Irv Kreider, Kilsoo Seo, Larry Elam
Absent:	Terry Meade, Carolyn Walters
Others Present:	Ken Weaver, City Manager Harry Parsi, Public Works Director Bonnie Duke, Finance Director Kevin Miller, Supt. of Operations Cheryl Castille, Admin. Assistant Jeff Stanley, Dames & Moore John Awezec, Dames & Moore Michael Foster, Dames & Moore Gary Korthius

III. APPROVAL OF AGENDA

Motion Motion made by Hal Jones to accept agenda with addition of "Rates" under New Business: Item A: Water, Sewer, and Solid Waste Operations. Second by Irv Kreider to accept as amended. Voice vote. Motion carried unanimously.

Item B: Public Works Operations in General Fund
Mr. Kevin Miller indicated that the new vehicle/equipment proposal needs to be given immediate attention due to the timeline constraints. Discussion ensued over lease/purchase options. Mr. L.J. Davis commented on the leaking water trucks and the hazard they pose on the road to motorists. Mr. Irv Kreider offered his advice concerning vehicle purchase. Mr. Michael Foster of Dames & Moore cited that Village Safe Water would consider vehicle purchase option for water, sewer, or solid waste equipment. Paul Gabbert was named as point of contact. Mr. Jerry Haines directed his question concerning liability insurance on City vehicles to the City Manager, Public Works Director, and the Finance Director.

Item C: Capital Projects

The group discussed the need to form two subcommittees: (1) Capital Improvements Rolling Stock Subcommittee, and (2) Efficiency & Cost Subcommittee.

Motion Motion made by Mr. Mike O'Brien to name Mr. Irv Kreider as chairperson to the Capital Improvements Rolling Stock Subcommittee and Mr. L.J. Davis to serve on that committee. Second by Mr. Hal Jones. Voice vote. Motion carried unanimously.

The following will attend and serve in a voluntary capacity: Hal Jones, Mike O'Brien, Kevin Miller, Wally Wallace, and Gary Korthius. The meeting will take place at the Public Works Conference Room on Monday, January 22, 1996, at 7:30 P.M. The Efficiency and Cost Committee will consist of the following volunteers: Hal Jones, Irv Kreider, and Jerry Haines. This committee will meet on Monday, January 29, 1996, 7:30 P.M.

VII. PUBLIC WORKS COMMITTEE CHAIR COMMENTS
None

VIII. FINANCE COMMITTEE CHAIR COMMENTS
None

DRAFT

City of Bethel
Public Works and Finance Committees

Joint Meeting of

I. SELECTION OF CHAIR

Motion Motion made by Tad Miller to elect Hal Jones as chair. Second by Irv Kreider. Voice vote. Motion carried unanimously.

II. CALL TO ORDER

The meeting was convened at 7:45 p.m. at the Public Works Conference Room.

III. ROLL CALL

Present: Public Works Committee Members:
Tad Miller, Jerry Haines, L.J. Davis
Kevin Murphy

Absent: Ollie Olson, Andy Scheall, Mike O'Brien

Present: Finance Committee:
Wally Wallace, Hal Jones, Irv Kreider,
Kilsoo Seo, Terry Mead, Carolyn Walters
Absent: Larry Elam

Others Present: Ken Weaver, City Manager
Bonnie Duke, Finance Director
Cheryl Castille, Admin. Assistant/PW
Laurie Adams, Purchasing Agent
Gary Koester, Utilities Foreman
Erick Wade

IV. APPROVAL OF AGENDA

Motion Motion made by Tad Miller to add "Budget Process" under New Business. Second by Terry Mead to accept as amended. Voice vote. Motion carried unanimously.

V. PEOPLE TO BE HEARD

There were no people to be heard.

VI. OLD BUSINESS

Item A: Water and Sewer Projects: In reference to the Summary of Meeting of the Subcommittee on Effectiveness, Efficiency, and Productivity of Water, Sewer, and Solid Waste Operations Irv Kreider noted that the wording of the first sentence of #3 (Redesign sewer trucks to have separate intake and outflow valves and hoses) should be changed to"doesn't require the driver to change the hose". Kilsoo Seo questioned the need for meters on water trucks. Irv Kreider replied with an explanation of the advantages of this proposed metering system. Terry Mead offered her comments. Consensus was that meters would reflect more accurate customer billing. Tad Miller expressed his concern about the cost of the meters. Discussion among members ensued. Comments on metering piped system vs. trucked system were given.

Motion Motion made by Tad Miller to send the recommendations of the Subcommittee on Effectiveness, Efficiency, and Productivity of Water, Sewer, and Solid Waste Operations to the City Council with further research on the actual cost of metering system. Second by Wally Wallace.

Commentary on the Motion: Terry Mead stated that Senator Ted Stevens is constructing a Utility Bill that may expedite and upgrade water systems. She encouraged lobbying efforts by the City. Comments on the cost effectiveness/efficiency of the metered system, the cost production of water, and the delivery costs to certain service areas. Bonnie Duke mentioned that the Comprehensive Water & Sewer Study would include a cost analysis/rate study for services.

Voice vote. Motion carried unanimously.

Wally Wallace made a reference to #2, page 2 of the Summary of Meeting, "Change ordinances to require camlocks on all tanks and trucks and to require that all tanks are readily accessible to drivers."

Irv Kreider commented on the advantages of camlocks. The need for the installation of standardized camlocks was discussed. It was also mentioned that such an ordinance should be strictly enforced.

VII. NEW BUSINESS

A. Budget Process

Tad Miller requested a brief overview from the City Manager Ken Weaver concerning his budget formation style and how the Public Works Committee could have input. Mr. Weaver stated that he would accept information from advisory committees and department heads as he formulates the budget. He also illustrated his proposed organizational changes within the Public Works Department. New positions would include a Project Assistant, Customer Service Coordinator, foremen, and a City Engineer (in house or consultant). This has already been introduced to Council and the Public Works Committee. Discussion followed.

Tad Miller indicated that he wanted to discuss a speed limit for delivery trucks at the next Public Works Committee Meeting. Mr. Weaver invited additional comments on his proposed organizational change for Public Works Department. He informed the group that voice mail would be incorporated into the service activities of the Public Works Department and City Hall to be used as a quality control tool/complaint monitoring system. Discussion followed on pros and cons of such a system.

VIII. PUBLIC WORKS COMMITTEE CHAIR COMMENTS

None

IX. FINANCE COMMITTEE CHAIR COMMENTS

Terry Mead thanked the subcommittees for their efforts and report. She expressed her concern that the Finance Committee was falling behind on their work. She would like to focus on the cost of business licenses at the next Finance Committee Meeting. She commented that she would like to see the City's organizational changes streamlined for efficiency and cost effectiveness reasons. Ms. Mead also suggested that it might be a good idea to form a subcommittee to review the City's Charter. She remarked that the City should base its provided services to the community using a cost benefit analysis with a focus on growth and benefit to Bethel's citizens. Commentary followed.

X. SUBCOMMITTEE REPORTS

Copies of the Summary of Meeting were available for member review and commentary.

XI. FINANCE COMMITTEE CHAIR COMMENTS

Bonnie Duke thanked those who participated on the Cost Efficiency Subcommittee. She invited comments on the Rolling Stock Committee and their conclusions. Ken Weaver recommended that a more detailed study be conducted to determine actual costs. Bonnie Duke offered her financial advice. Bonnie Duke announced that Finance Committee Members had been directed by Council to research the gaming tax. It was agreed that this would be on the agenda for the next regularly scheduled meeting.

XII. PUBLIC WORKS DIRECTOR COMMENTS

Ken Weaver, Acting Public Works Director, announced that Paul Gabbert of Village Safe Water stated that funding was available as part of the water/sewer upgrade study to organize a Citizens Participation Group and an administrative assistant act as the facilitator of this effort.

XIII. COMMITTEE MEMBER COMMENTS

Irv Kreider wanted to know what was decided concerning the Rolling Stock Subcommittee. Discussion ensued. It was suggested that a priority list be drawn up. Ken Weaver informed the group that the mechanics work schedule has been shifted to allow repairs to be done after hours and to keep up with preventative maintenance on vehicles. He also mentioned that the landfill schedule would be changed to better accommodate the public and improve landfill operations. Salvaging at the landfill has been stopped.

XIV. ADJOURNMENT

Motion Motion made by Terry Mead to adjourn. Second by Jerry Haines. Voice vote. Motion carried unanimously. Meeting was adjourned at 9:10 p.m.

PASSED AND APPROVED THIS _____DAY OF_____, 1996

_____

Hal Jones, Acting Chair for Joint Meeting

ATTEST:

_____

Cheryl Castille, Administrative Assistant

I. CALL TO ORDER

Finance Committee Chair Terry Mead called the meeting to order at 7:33 p.m. in the conference room of the City of Bethel offices.

II. ROLL CALL

Members Present:
Elam, Lawrence
Jones, Harold L
Mead, Terry
Seo, Kilsoo
Walters, Carolyn

Members Absent:
Kreider, Irvin (excused)
Wallace, Wally (excused)

Guests Present:
Duke, Bonnie (Finance Director)

III. PEOPLE TO BE HEARD

NONE

IV. APPROVAL OF AGENDA

Jones made a motion, seconded by Walters and unanimously approved, to add Item I. Seawall Funding under New Business. Mead made a motion, seconded by Seo and unanimously approved, to move item B under New Business to the end of the list so that sales tax issues could be discussed in order after the business license discussion. Jones made a motion, seconded by Seo and unanimously approved, to approve the agenda as amended. The new business section of the agenda was, therefore, amended to read as follows:

A. Review of Fee for Business Licenses
B. Sales Tax on Illegal Activities
C. Sales Tax Penalties
D. Sales Tax Rewards for Prompt and Proper Filing
E. Sales Tax Audit
F. Sales Tax on Gaming
G. Discussion Item-Coordinated Health Services
H. Discussion Item-Bethel Bank Stabilization Project-Matching Funds
I. Budget Process and General Fund Revenue Estimates

V. APPROVAL OF MINUTES

Jones made a motion, seconded by Walters and unanimously approved, to approve the minutes of the November 16, 1995 Finance Committee meeting.

VI. OLD BUSINESS

NONE

VII. NEW BUSINESS

A. Review of Fee for Business Licenses

Mead indicated that the current business license fee of $10 per year could not possibly be sufficient to cover the costs associated with issuance of the license. Mead felt that the license fee should be increased to cover the costs associated with issuance of the license. Mead suggested that the license fee be increased to $50 for a two year period. Mead indicated that this is similar to the Alaska State Business License fee. Mead also felt that the issuance of exemption certificates should occur concurrent with or before the issuance of the business license. Mead also recommended that annual renewal of exemption certificates for non-profits should be eliminated in favor of a "good until canceled" exemption.

Elam indicated that the business license fee was set at a low amount to encourage businesses to obtain a license so that information would be available for collection of sales tax. Mead indicated that the change was not intended to generate significant revenue but only to cover the administrative costs associated with the license process.

Jones suggested that the exemption process be eliminated in favor of classified business licenses in which the business license would also serve as the exemption certificate. For example, if a business is established to resell items, then the business license would serve as the exemption certificate for that business to purchase items for resale without tax. A discussion occurred regarding potential abuses of such an exemption system such as a rental business buying items tax free that would not qualify under the items for resale exemption. A discussion occurred regarding businesses which operate more than one type of business which is currently reported under a single license. These businesses would need multiple business licenses.

Mead made a motion to approve the following recommendation to the City Council:

> The Finance Committee recommends that the fee for obtaining a City of Bethel business license be increased to $50 for a two year period beginning on the date of application. Licenses will expire on the last day of the month following two years from the date of application. Licenses will be issued based upon classifications determined by the finance department and separate sales tax reporting forms should be designed by the finance department for the various classes of licenses. The business license of a particular class shall serve as the exemption certificate for that particular business. If an entity operates more that one type of business, separate business licenses should be required for each business segment. Additional licenses for different business segments

should be $10 for a two year period. The Finance Committee recommends that City Administration and the City Attorney draft the necessary changes to the ordinance.

The motion was seconded by Mr. Jones and unanimously approved.

B. Sales Tax on Illegal Activities

The Finance Committee discussed the City ordinance relating to sales that occur within the City limits and that these sales are fully taxable regardless of whether the activity associated with the sale is legal. The Finance Committee specifically discussed sales of alcohol by bootleggers and sales of illegal drugs. The Finance Committee encouraged City Administration to vigorously pursue collection of sales tax on these types of sales. The Finance Committee suggested that certified letters be sent to all persons convicted of selling illegal substances requesting that the person obtain a City business license, report all sales, and remit the sales tax to the City. If the persons fail to respond to the certified letter, the Finance Committee suggests that City Administration assess the taxes in accordance with Bethel Municipal Code and pursue collection of the assessment.

C. Sales Tax Penalties

The Finance Committee discussed the fact that there are no penalty provisions in the Bethel Municipal Code that penalize businesses which fail to report and remit sales tax. The lack of a penalty on non-complying businesses, in a way, creates a penalty for those businesses that faithfully report and pay because the non-complying businesses have "free" cash flow which may provide a competitive edge to non-complying businesses. The Finance Committee suggests that City Administration review the legal ramifications and draft ordinances, as needed, to establish a "failure to file" penalty and a "failure to pay" penalty for delinquent sales tax.

The Finance Committee also suggested that penalties for operating a business without a business license be increased. The Finance Committee suggested that City Administration obtain a legal opinion from the City Attorney regarding the ramifications of the penalties and the ramifications of the dollar amount of any such penalties. The Finance Committee suggested that procedures be implemented and personnel assigned to policing businesses operating without a license to obtain revenue for the City of Bethel from the "underground economy."

D. Sales Tax Rewards for Prompt and Proper Filing

The Finance Committee suggested that City Administration examine the possibility of a reward program for those businesses which promptly and accurately file sales tax returns and remit sales tax to the City. The Finance Committee suggested that this may take the form of a discount similar to trade discounts offered by suppliers. For example, if a business remits the sales tax collected by the fifteenth of the month following the month collected, then a discount of 1% of the tax could be deducted from the bill. Otherwise, the entire remittance would be due by the end of the month following collection as presently required by the Bethel Municipal Code. This would provide an incentive for prompt and proper filing of the tax and reimburse businesses for the efforts in collecting and timely remitting the tax. Business who choose not to file returns and remit tax early would then, in a way, be penalized because the discount would not be available after the fifteenth of the month following collection. The Finance Committee suggested that City Administration prepare estimates of the fiscal impact of the reward and suggested that the fiscal impact could possibly be positive if more businesses remit taxes more timely.

E. Sales Tax Audit

The Finance Director discussed the sales tax audit that has been scheduled for May 1996. The sales tax audit will be conducted by the City's independent accountants, Altman Rogers & Co. Fifteen businesses will be selected for audit. Altman Rogers will request the books and records for the business and conduct field work, as needed, to determine sales tax liability. Finance Department staff will assist in the sales tax audit, as needed, to ensure an efficient process. The Finance Committee fully supports the concept of the sales tax audit and believes that these audits should occur at least once per year and possibly twice per year if the costs can be justified through increased revenues from compliance. The Finance Committee thanked the Finance Director for her efforts in improving sales tax collection over the past one and one-half years and thanked the Finance Director for efficiently organizing the audit and encouraged the Finance Director to continue the efforts.

F. Sales Tax on Gaming

The Finance Committee discussed the issue of sales tax on gaming that was referred to the Finance Committee from the City Council after public hearing on Ordinance 96-5 held on February 13, 1996.

The Finance Committee discussed the opinion from the City Attorney regarding the problems associated with taxing the net proceeds rather than the gross sales. The Finance Committee did not feel that a tax based on the net proceeds rather than the gross would be legal. An earlier ordinance which proposed taxation of net versus gross failed primarily because of legal questions. Ordinance 96-5 sought to except gaming sales from sales tax.

The Finance Committee discussed the fiscal impact of adding an exception from taxation in the Bethel Municipal Code for gaming sales. The Finance Committee reviewed the estimates prepared by the Finance Director and reviewed the documents from the State of Alaska which supported the Finance Director's estimates. The Finance Committee concurred with the Finance Director's estimates that sales tax revenue would decrease by approximately $250,000 if gaming sales were excepted from taxation. The Finance Committee felt that Ordinance 96-5 would have a significant negative fiscal impact to the City's General Fund. Seo indicated that the estimates were low. Seo indicated that the payments made to the City for sales tax from his gaming operations alone represent more than half of the $250,000 estimate. Seo did not feel that his gaming operations represent more than half of the "market share" and therefore suggested that taxes were not uniformly reported.

The Finance Committee discussed alternative sources of revenue which may be generated to replace the revenue lost through excepting gaming sales from sales tax. The Finance Committee could not identify another source of revenue sufficient to replace the revenue lost if gaming sales are excepted. The Finance Committee could not justify exception of gaming from taxation without an alternative source of revenue.

The Finance Committee also discussed the fact that the non-profit organizations selling chances on various games are not charging the tax to the consumer as required by Bethel Municipal Code but are instead paying the sales tax for the player out of the profits of the business. Apparently, non-profit organizations find that charging the tax to the consumer is not practical because of problems of making change for high volume transactions. Non-profit organizations apparently find it cheaper to "eat the tax" rather than go through the "hassle" of charging the consumer. The Finance Committee suggested that all non-profit organizations get together to determine a way to charge the consumer rather than the non-profit organizations voluntarily paying a tax that is not assessed to the non-profit organization. One alternative suggested by the Finance Committee is to increase the selling price of the ticket to include tax. For example, non-profit organizations could charge $1.25 for a $1.00 ticket, assume that the sales tax is included in the sales price, give 6¢ to the City and keep an extra 19¢ for use by the non-profit. This would give more money to the charity, more money to the City and the person that is really supposed to

pay the tax is actually paying the tax Another alternative is the use of tokens for tax rather than making change.

The Finance Committee discussed problems associated with applying the senior exemption to gaming sales. Consumers are charged for gaming sales the same amount whether they are over sixty-five year of age or not. Since the non-profit organizations are currently paying the tax for the consumer, the non-profit organization may be paying the tax on sales that would otherwise be exempt. The senior exemption is meant to benefit the senior citizen however, seniors are charged the same amount as other consumers. The Finance Committee suggests that a uniform method be used to account for the senior exemption. The Finance Committee suggested that 25% of sales from gaming be considered sales to seniors. Non-profit organizations could consider 25% of gross sales to be non-taxable and the non-profit organization can choose to voluntarily pay the tax on 75% of gross sales. This would at least provide for a uniform method of calculation.

The Finance Committee suggested that all non-profit organizations who conduct gaming activities be included in the upcoming sales tax audit.

Mead made the following motion, which was seconded by Seo and unanimously approved:

> The Finance Committee recommends that City Administration draft changes to the Bethel Municipal Code, as needed, to provide for uniform collection of sales tax on gaming activities based upon gross sales with a 25% exemption from gross sales assumed for sales to seniors.

G. Discussion Item-Coordinated Health Services

Mead discussed efforts that were ongoing with cooperation between the Bethel Family Clinic and the Yukon Kuskokwim Delta Regional Hospital for providing health care services in Bethel. Mead encouraged Finance Committee members to support efforts for cooperation among agencies and hoped that further communications will continue and benefit the community.

H. Discussion Item-Bethel Bank Stabilization Project-Matching Funds

The Finance Committee discussed the funding gap for the local match requirements for the Bethel Bank Stabilization project. The Finance Director indicated that approximately $1.7 million would be needed in addition to the funds designated in the Port Enterprise Fund for the project. The Finance Director indicated that the City has requested assistance from the State for the $1.7 million shortfall but that no state funding has been made at this time. Alternatives for funding the local match were discussed. No action was taken.

I. Budget Process and General Fund Revenue Estimates

The Finance Director updated the Finance Committee on the status of the budget process. Budget instruction manuals were issued to all department heads and managers for use in the budget requests to the City Manager. The budget requests are due March 29, 1996. The Finance Director also reviewed the revenue estimates for the General Fund for FY97. The Finance Director asked for any information and input regarding the estimates for the effect on Sales Tax Revenue and the Raw Fish Tax if a fish buyer is not in business in Bethel during the upcoming commercial fishing season. Jones indicated that anywhere from $6 million to $13 million in gross sales are realized from activities associated with commercial fishing. These sales include the "domino effect" in the Bethel economy if the commercial fishing is not present such as lost sales for meals purchased by seasonal employees of the fish buyer, vacant rentals that

would normally be used to house seasonal employees, and lower disposable income for fishermen. The likelihood of having a fish buyer in Bethel this season was discussed. The Finance Committee did not feel that there is a high probability of having a fish buyer in Bethel this season. The Finance Committee felt that a $300,000 decrease in sales tax revenue would be a reasonable estimate. The Finance Committee also felt that the raw fish tax would decrease significantly which may result in an additional $75,000 decrease in revenues.

VIII. COMMITTEE CHAIR'S COMMENTS

Mead reported that she was pleased that the City was progressing and hoped that further progress of the water and sewer master plan update would continue. Mead reported that a citizens committee on economic development would be meeting to discuss alternatives for stabilizing and diversifying Bethel's economy.

IX. FINANCE DIRECTOR'S COMMENTS

The Finance Director reported that the City will be changing from the ATIP plan to a new self funded employee group benefits plan effective April 1, 1996. Trusteed Plans Service Corporation will be the third party administrator for the plan. The Finance Director reported that efforts are underway to prepare the budget for the FY97 fiscal year, to conduct sales tax audits, to establish a fixed asset group of accounts, and to prepare for the year end financial audit. The Finance Director also indicated that plan are being prepared for a personal computer network in the Braund Building and that the Finance Director and Finance Department staff have been assisting Dames and Moore in the water and sewer facilities master plan update.

X. FINANCE COMMITTEE MEMBER COMMENTS

Carolyn Walters announced that she will be resigning from the Finance Committee effective after the regularly scheduled April meeting because she will be relocating out of Bethel. Ms. Walters thanked the committee for the opportunity to serve on the Finance Committee and indicated that she would miss Bethel and the people in Bethel. Walters indicated that the branch manager for NBA that will be replacing Ms. Walters would be interested in serving on the Finance Committee.

Mr. Seo had no comments.

Mr. Jones had no comments.

Mr. Elam indicated that he was happy to be back with the members of the Finance Committee since he had not been involved with the finances of the City since he left as Finance Director for the City approximately two years ago. Elam expessed interest in working with the City and the City's new Employee Group Benefits plan.

XI. ADJOURNMENT

Upon motion by Mr. Jones, seconded by Ms. Walters and unanimously approved, the meeting was adjourned at approximately 9:42 p.m.

I. CALL TO ORDER

Finance Committee Chair Terry Mead called the meeting to order at 7:38 p.m. in the conference room of the City of Bethel offices.

II. ROLL CALL

Members Present:
Elam, Lawrence (arrived later in the meeting)
Jones, Harold L
Kreider, IrvMead, Terry
Seo, Kilsoo
Tubbs, Don
Wallace, Wally

Members Absent:
NONE

Guests Present:
Duke, Bonnie (Finance Director)
Robinson, Stuart (Assistant Finance Director)

III. PEOPLE TO BE HEARD

NONE

IV. APPROVAL OF AGENDA

A. Jones moved, seconded by Kreider and unanimously approved, to approve the agenda.

V. APPROVAL OF MINUTES

Jones moved, seconded by Kreider and unanimously approved, to approve the minutes of the January 18, 1996 joint meeting of the Public Works and Finance Committees, the February 15, 1996 joint meeting of the Public Works and Finance Committees, and the March 21, 1996 regular Finance Committee meeting.

VI. OLD BUSINESS

NONE

IX. FINANCE DIRECTOR'S COMMENTS

The Finance Director introduced Stuart Robinson, the Assistant Finance Director for the City and reported on the duties and projects that have been assigned to Mr. Robinson. The Finance Director reported on new procedures which have been implemented for discussing delinquent sales tax cases with businesses and on anticipated procedures for written interpretation of sales tax ordinances by a staff level committee. The Finance Director reported that the new Employee Benefits Plan has been operational since April 1, 1996 and appears to be running smoothly. The Finance Director reported that sales tax audits will be occurring during the week of May 20 through 24. The Finance Director also briefly discussed the activity in the meetings on the City Manager's Recommended FY97 budget.

X. FINANCE COMMITTEE MEMBER COMMENTS

Mr. Seo suggested that agendas and reminders of the meetings be faxed to members. The Finance Director obtained fax numbers.

Mr. Kreider had no comments.

Mr. Elam had no comments.

Mr. Tubbs indicated that he was happy to be back on the Finance Committee.

Mr. Wallace indicated that he was glad to be able to attend the meeting.

Mr. Jones thanked :>(the committee for the election to the chair of the committee.

XI. ADJOURNMENT

Upon motion by Mr. Jones, seconded by Mr. Seo and unanimously approved, the meeting was adjourned at approximately 9:49 p.m.

I. CALL TO ORDER

Finance Committee Chair Hal Jones called the meeting to order at 7:30 p.m. in the conference room of the City of Bethel offices.

II. ROLL CALL

Members Present:
Cox, Heath
Jones, Harold L
Kreider, Irv
Phillips, Agnes
Tubbs, Don

Members Absent:
Seo, Kilsoo (excused)

Guests Present:
Duke, Bonnie (Finance Director)

III. PEOPLE TO BE HEARD

NONE

IV. APPROVAL OF AGENDA

Tubbs moved, seconded by Seo and unanimously approved, to approve the agenda.

V. APPROVAL OF MINUTES

Cox moved, seconded by Tubbs and unanimously approved, to approve the minutes of July 25, 1996 regular Finance Committee meeting.

VI. OLD BUSINESS

A. Water, Sewer, and Garbage Rates

Finance Committee members received copies of the Water and Sewer Master Plan Update. Discussion followed. No action was taken

B. Sales Tax Recodification

Finance Committee members received copies of penalty ordinances from the sales tax ordinances of other similar cities. Discussion followed. No action was taken.

VII. NEW BUSINESS

A. Performance Review-Third Party Billing Contract

The members of the Finance Committee reviewed the summary of the billings and collections for ambulance services for the first six months of the "Agreement for Professional Services" between the City of Bethel and ClaimPay Alaska. General discussion occurred and members unanimously supported the arrangement because of the significant benefit to the City for a relatively low cost. Tubbs moved, seconded by Cox and unanimously approved, to recommend continuation of the contract with ClaimPay Alaska according to the terms of the contract.

VIII. COMMITTEE CHAIR'S COMMENTS

Chairman Jones indicated that the Chamber of Commerce was preparing a brochure of recreational opportunities in the Bethel region. Chairman Jones also indicated that the Chamber of Commerce is developing a World Wide Web site to inform people about Bethel. Chairman Jones expressed concern about the City's problems with intoxicated individuals and hoped that the Police Department can fix the problem.

IX. FINANCE DIRECTOR'S COMMENTS

The Finance Director indicated that the FY96 annual financial audit had been completed and went very well. The Finance Director indicated that she would be attending the Alaska Municipal League conference in Anchorage when the next Finance Committee Meeting was scheduled. Other scheduling conflicts were noted among members for the November and December meetings. The Finance Committee decided to cancel the regular meetings scheduled for November 21, 1996 and December 19, 1996 and to reschedule a meeting for December 5, 1996 which would serve as both the November and December meeting.

X. FINANCE COMMITTEE MEMBER COMMENTS

Mr. Cox discussed the FAA Sewer line project in relation to Blueberry Subdivision.

Mr. Tubbs welcomed Agnes Phillips to the committee.

Mr. Kreider had no comments.

Ms. Phillips indicated that she was interested in serving on the finance committee and was interested in participating in the sales tax recodification effort.

XI. ADJOURNMENT

Upon motion by Mr. Tubbs, seconded by Mr. Kreider and unanimously approved, the meeting was adjourned at approximately 8:38 p.m.

I. CALL TO ORDER

Finance Committee Chair Hal Jones called the meeting to order at 7:30 p.m. in the conference room of the City of Bethel offices.

II. ROLL CALL

Members Present:
Cox, Heath
Jones, Harold L
Kreider, Irv
Phillips, Agnes
Seo, Kilsoo
Tubbs, Don

Members Absent:
NONE

Guests Present:
Duke, Bonnie (Finance Director)
Zod Osuji, PhD, Executive Director, Bethel Community Services, Inc.

III. PEOPLE TO BE HEARD

NONE

IV. APPROVAL OF AGENDA

Cox moved, seconded by Phillips and unanimously approved, to place New Business, Item B. Bethel Community Services in front of Old Business Item A. Water and Sewer Rates to allow Mr. Osuji to address the committee. Tubbs moved, seconded by Kreider and unanimously approved, to remove Old Business, Item B Sales Tax Recodification from the agenda.

V. APPROVAL OF MINUTES

Cox moved, seconded by Tubbs and unanimously approved, to approve the minutes of October 24, 1996 regular Finance Committee meeting.

VI. New Business-Bethel Community Services

Mr. Osuji reported on the financial and operational status of the Norma Jean Center. Mr. Osuji reported that the Norma Jean Center was running a deficit from operations and wanted to bring this to the attention of the finance committee and to determine if any City funding may be available to assist the Norma Jean Center. A general discussion of the operations of the Norma Jean Center occurred and some committee members offered possible operational changes that BCS might consider. Chairman Jones indicated that the Finance Committee can only recommend actions to the City Council. Chairman Jones indicated that the City has been funding operations from fund balance which would not indicate any excess funds that may be available for this sort of community service. The committee took no action and thanked Mr. Osuji for attending the meeting and discussing the Norma Jean Center.

VII. OLD BUSINESS

A. *Water, Sewer, and Garbage Rates*

Finance Committee members reviewed copies of the Water and Sewer Master Plan Update. Tubbs discussed the problems in analyzing the data to determine a rate because the water delivery trucks do not meter the water delivered to each customer. Chairman Jones stated that all water users should pay the same rate per gallon of water used regardless of the mode of delivery or the cost associated with each mode of delivery. Chairman Jones believes that all costs should be divided by the total number of gallons leaving the pumphouse and that a user on the piped system would pay the same amount per gallon as a user receiving truck water. Chairman Jones stated that this would require metering of every user on the piped and the hauled system in order to charge a set rate per gallon. Tubbs moved, seconded by Cox and unanimously approved, to recommend to the City Council to appropriate funds for and direct installation of meters in all water delivery trucks and to each customer on the piped system as soon as possible. Chairman Jones suggested that further changes to ordinances could be considered to charge customers per gallon based on the meter readings.

B. *Sales Tax Recodification*

Removed from the agenda. Will be discussed at a later meeting.

VIII. NEW BUSINESS

A. *Review Financial Statements*

The Finance Director reviewed the status of the report on the audited financial statements and discussed, in general terms, the results of operations for the first five months of fiscal year 1997. The Finance Director suggested that the Finance Committee review the 6 month financial statements in more detail at the next meeting. No action was taken.

B. *Cab Regulation*

The Finance Committee discussed that the industry could benefit from self regulation rather than regulation imposed by the City. Most committee members believed that economics should dictate the number of cabs versus government regulation. Seo favored regulation and indicated that certain people are unable to make a living in the current situation. The following motion was made by Kreider and seconded by Tubbs:

> The Finance Committee recommends that the City Council raise the licensing and transfer fees charged to drivers to cover the costs incurred by the City to increase the monthly permit fee charged to drivers in lieu of sales tax to a level which will more properly reflect the equivalent of sales tax on estimated gross sales.

The motion passed five to one (Seo voted against the motion)

IX. COMMITTEE CHAIR'S COMMENTS

Chairman Jones stated that someone should check to see if a referendum was needed to legally re-regulate the cab industry since a referendum occurred several years ago in which the people voted to de-regulate the cab industry.

X. FINANCE DIRECTOR'S COMMENTS

The Finance Director indicated that her comments were covered in the financial statement portion of the meeting.

XI. FINANCE COMMITTEE MEMBER COMMENTS

Seo had no comments.

Phillips indicated that the City Council needs to look at the sales tax ordinances.

Kreider indicated that the City should not be involved in regulation of industry and that private enterprise should run businesses in a manner which results in a profit or should go out of business and pursue other alternatives. Kreider indicated that he appreciated the group's ability to "agree to disagree."

Tubbs thanked Zod Osuji for addressing the Finance Committee. Tubbs indicated that he was against regulation but in favor of increasing fees to reasonable levels to provide for effective competition.

Cox had no comments.

XII. ADJOURNMENT

Upon motion by Mr. Tubbs, seconded by Mr. Kreider and unanimously approved, the meeting was adjourned at approximately 9:21 p.m.