

FINANCE COMMITTEE MINUTES

DATE: January 15, 1999

CITY FINANCE COMMITTEE

Hal Jones, Chairman

Darell Jones

Irv Kreider

Mark Renner

Clint Schink

Kilsoo Seo

Agnes Phillips, Mayor



FINANCE DIRECTOR

Stu Robinson

City of Bethel
Regular Finance Meeting Minutes
January 15, 1999

I. CALL TO ORDER

Irv Kreider convened the meeting at 7:45 p.m. in the City of Bethel Conference room.

II. ROLL CALL

Present: Kreider, Seo, D. Jones, Phillips, Renner, Schink

Absent: H. Jones,

Guests: None

III. PEOPLE TO BE HEARD

- None

IV. APPROVAL OF MINUTES

Motion: M/M by D.Jones, 2nd by Schink to approve the minutes of the November 12, 1998 meeting as presented.

Vote: Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

Motion: M/M by D.Jones, 2nd by Renner to approve the agenda.

Vote: Voice vote. Motion carried unanimously.

FINANCE COMMITTEE MEETING MINUTES

DATE: 01/15/99

III. OLD BUSINESS

None

IV. NEW BUSINESS

Mid Year Budget Review (see Finance Director's comments)

V. COMMITTEE CHAIR'S COMMENTS

None

VI. FINANCE DIRECTOR'S COMMENTS

The director reported to the committee that the City Manager's memo regarding the Senior Citizens Committee remarks and proposal to the Sales Tax Ordinance of 1998 requested a comments and recommendation of the Finance Committee to Council. Discussions and motions follow.

The members commented on various aspects of the memorandum and agreed that the abuses of the Senior Exemption privilege previously afforded the community, outweighed the recommendations presented in the memorandum from the City Manager. The consensus of the members was that the committee would benefit from a meeting with City Manager, Senior Advisory Chairman, and interested Council Members. The date and location to be decided by the City Manager.

The director reported that the Mid year Budget review and revisions had been accomplished. There were no significant changes expected to report. There has been a significant increase in legal and professional consultation cost compared to previous years and this will be explain as a function of claim settlements against the City from previous years.

The director reported the fiscal year 98 audit had been forwarded to the printers. The draft audit was most favorable for the second year in a row.

It was agreed that the Director would fax a notice of all future committee meetings to the members of the committee.

FINANCE COMMITTEE MEMBER'S COMMENTS

D. Jones: suggested that the one possibility be, that the eligible Senior be allow to bring their receipts to the City Finance department and be given a refund of taxes paid during the calendar year.

Mayor Phillips added that an appropriate cap, i.e. \$ 400.00 per year, be applied.

FINANCE COMMITTEE MEETING MINUTES

DATE: 01/15/99

C. Schink suggested that the new sales tax ordinance be allowed to stand for a period of time, from six months to one year to see the net results of eliminating the senior exemption.

D. Jones and Seo discussed the effect on the gaming tax if the Council amends the new sales tax. The five per cent figure on the gaming tax is a result of senior exemption being eliminated.

Motion: M/M by Schink, 2nd by Kreider to recommend to the City Council that the Sales Tax Ordinance shall stand as passed.

Vote: Voice vote. Motion carried unanimously.

VII. ADJOURNMENT

Motion: M/M by Renner, 2nd by Phillips to adjourn the meeting at 9:05 p.m.

Vote: Voice vote. Motion carried unanimously.

Passed and Approved This 11th Day of February, 1999

Signature: _____



**Irv Kreider for
Hal Jones, Chairman**

ATTEST: _____



S. Robinson, Finance Director

FINANCE COMMITTEE MEETING MINUTES

DATE: 02/16/99

Motion: M/M by D.Jones, 2nd by Kreider to add Senior exemption item to agenda under old business.

Vote: Voice vote. Motion carried unanimously.

III. OLD BUSINESS

ITEM A. Senior Exemption

Discussions concerning the Senior Exemption amendment were conducted. It was noted by the Chairman that he was at the City Council meeting, February 9, 1999. He addressed those concerns presented by the seniors and is sympathetic to those seniors, in need, financially impacted by the new ordinance. It was further recognized that the Senior Sales Tax exemption is not the only exemption recommended and passed to be eliminated from the new Sales Tax Ordinance. The focus is on the elimination of exemptions in lieu of raising the sales tax rate, elimination of non essential Senior and Recreations Services, or the reduction of essential services such as road repairs and Utility services. It is imperative to the community that the virtually single source of revenue to the City, the sales taxes, be assessed and collected in a uniform and non-discriminatory manner. The new ordinance provides this option.

Recognizing the fact that certain financial situations inherent to Seniors exist and within the purview of the City's fund management options, it is recommended that the Utility costs for water, sewer, and refuse collection be reduced for qualifying residents over the age of sixty.

Motion: M/M by D.Jones, 2nd by Kreider to Recommend to the City Council the council provide a Senior Utility Discount which would reduce the Utility costs for a residence, occupied by a customer who is 65 or older, by fifty dollars. For those customers over 60 as of December 31, 1998, the discount would be twenty-five dollars.

Vote: Voice vote. Motion carried unanimously.

ITEM B. Mid Year Budget Review

The mid year budget Ordinance #99-03 was reviewed by members of the committee and discussions followed.

It was noted that the Public Works request, Mod 99-D, was required due to the Fire and OSHA regulation violations if it was not corrected.

The negative impact of \$ 25,000 requested to provide Parks and Recreation improvements were recognized as a valid requirement. However, it does not meet the criteria associated with that of regulations or emergencies.

It is the collective opinion of the Committee that to expend additional funds from the General Fund Balance-"the Operating Reserves of the General Fund" would be in direct conflict with the expressed concerns of the Council. Therefore, any authorized expenditures of Reserves would have to meet some criteria of serious or emergency measures.

FINANCE COMMITTEE MEETING MINUTES

DATE: 02/16/99

Motion: M/M by D.Jones, 2nd by Kreider to recommend to the Council that Budget Modification 99-E be approved using General Fund Reserves. All other requests consider other funding sources.

Vote: Voice vote. Motion carried unanimously.

IV. NEW BUSINESS

Review of Bethel Municipal Code Chapter 5.16 Solicitation

The committee members discussed the redundancy of this section as it compares to the new City Sales Tax Code Chapter 4.16.

It was noted that there is sufficient regulations and guidance in the new ordinance to make the Solicitation Section obsolete.

Motion: M/M by D.Jones, 2nd by Kreider to recommend to the Council that the BMC Chapter 5.16 be removed or otherwise stricken from the Code as it is adequately covered in the new Sales Tax and Business License Ordinances.

Vote: Voice vote. Motion carried unanimously.

V. COMMITTEE CHAIR'S COMMENTS

The Chairman express his desire to support the new Sale Tax Ordinance as adopted in November. He shared his convictions that the interests of the majority of the Bethel populace were being represented by most of the Council. Chairman Jones reiterated that the community as a whole must share the budget difficulties arising from increasing costs and decreasing resources.

VI. FINANCE DIRECTOR'S COMMENTS

The director reported to the committee that questions have been presented to the Finance department regarding Sales Tax. Most Business License holders received the new Sales Ordinance. One of these Licensees stated that the previous ordinance specifically exempted sales to the City of Bethel. Chairman Jones stated that the intent of new ordinance was not to exclude Bethel as is obviously qualifies as a government entity.

An additional question was asked regarding the legal definition of a "common Carrier." The Chairman provided that the criteria would be predicated on the carrier having a license to conduct transportation operations from the State.

FINANCE COMMITTEE MEMBER'S COMMENTS

None.
paid during the calendar year.

FINANCE COMMITTEE MEETING MINUTES

DATE: 02/16/99

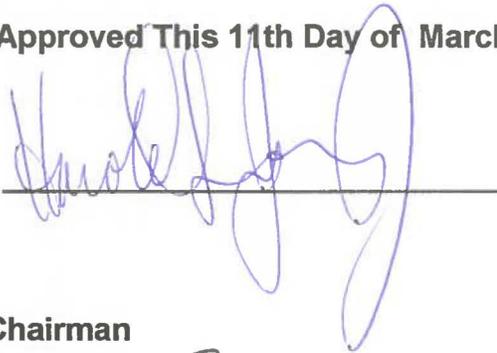
VII. ADJOURNMENT

Motion: M/M by Kreider, 2nd by Phillips to adjourn the meeting at 9:15 p.m.

Vote: Voice vote. Motion carried unanimously.

Passed and Approved This 11th Day of March, 1999

Signature:



Hal Jones, Chairman

ATTEST:



S. Robinson, Finance Director

FINANCE COMMITTEE MINUTES

DATE: March 31, 1999

CITY FINANCE COMMITTEE

Hal Jones, Chairman

Darell Jones

Irv Kreider

Mark Renner

Clint Schink

Kilsoo Seo

Agnes Phillips, Mayor



FINANCE DIRECTOR

Stu Robinson

City of Bethel
Regular Finance Meeting Minutes
March 18, 1999

I. CALL TO ORDER

Chairman Hal Jones convened the meeting at 7:45 p.m. in the City of Bethel Conference room.

II. ROLL CALL

Present: H. Jones, Kreider, Phillips, Schink

Absent: Renner, Seo, D. Jones

Guests: None

III. PEOPLE TO BE HEARD

- None

IV. APPROVAL OF MINUTES

Motion: M/M by Schink, 2nd by Kreider to approve the minutes of the February 11, 1999 meeting as presented.

Vote: Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

Motion: M/M by Phillips, 2nd by Kreider to approve the agenda.

Vote: Voice vote. Motion carried unanimously.

FINANCE COMMITTEE MEETING MINUTES

DATE: 03/31/99

III. OLD BUSINESS

ITEM A. Non-Profit Exemption

Discussions concerning the Non-Profit Exemption removal from the new Sales Tax Ordinance were conducted.

It was noted by the Chairman that not all Non-Profits would be liable to collect City Sale Tax. Certain Non-Profit Businesses are required to collect sales taxes for items purchased for resale. In those cases where goods are purchased for resale the "retail sales" license exemption applies.

It was further recognized that some Non-Profits operate under the Federal and State laws which preclude the sales tax. It was the understanding of the Committee that the intent of the Sales Tax Ordinance was to exclude organizations from taxation if the primary funding for the operation was derived from Federal or State of Alaska sources.

In a subsequent communication with the City of Bethel Attorney, Lee Sharp, his opinion indicated that the ordinance was written with all non-profit organizations being taxable unless the tax was prohibited by federal or state statutes.

It is also noted by the attorney, that *the intent of the new sales tax ordinance was to provide the City Manager and the Finance Director with the authority and power to provide policy and directives to implement the new ordinance with a minimum of discretionary judgement applied at the point of sale.* In other words the **responsibility for sales tax application rests on the City staff not on the seller or merchant.** If there is a question of collection or exemption the tax will be collected and the City Manager will be the primary step in the appeal or adjudication process.

IV. NEW BUSINESS

None

V. COMMITTEE CHAIR'S COMMENTS

The Chairman express his desire to go on record to support the new Sale Tax Ordinance as adopted in November. He reiterated that his and other members of the Committee believed that those entities, for example, YKHC and LKSD are funded primarily by State of Alaska or Federal Sources and therefor are exempted from paying sales tax.

FINANCE COMMITTEE MEETING MINUTES
DATE: 03/31/99

VI. FINANCE DIRECTOR'S COMMENTS

The director reported to the committee that his understanding of the new ordinance, concerning tax exemptions, is related to the same analogy as the City's Transient and Lodging Business Tax.

The question of government exempt purchases is entirely predicated on the method and source of payment. The payment must be made by the government entity. The form of payment may be a purchase order, voucher, or government owned credit card. *In no case will a sale be exempt if the purchase, acquisition, or sale is paid by an employee, agent or contractor of the State or Federal Government.*

FINANCE COMMITTEE MEMBER'S COMMENTS

None.

VII. ADJOURNMENT

Motion: M/M by Kreider, 2nd by Phillips to adjourn the meeting at 9:30 p.m.

Vote: Voice vote. Motion carried unanimously.

Passed and Approved This 9th Day of April, 1999

Signature:



Hal Jones, Chairman

ATTEST:



S. Robinson, Finance Director

FINANCE COMMITTEE MINUTES

DATE: April 10, 1999

CITY FINANCE COMMITTEE

Hal Jones, Chairman

Darell Jones

Irv Kreider

Mark Renner

Clint Schink

Kilsoo Seo

Agnes Phillips, Mayor



FINANCE DIRECTOR

Stu Robinson

City of Bethel
Regular Finance Meeting Minutes
Thursday April 08, 1999

I. CALL TO ORDER

Darrell Jones convened the meeting at 8:10 p.m. in the City of Bethel Conference room.

II. ROLL CALL

Present: Phillips, Schink, Seo, D. Jones

Absent: Renner, H. Jones, Kreider,

Guests: None

III. PEOPLE TO BE HEARD

- None

IV. APPROVAL OF MINUTES

Motion: M/M by Phillips, 2nd by Schink to approve the minutes of the March 18, 1999 meeting as presented.

Vote: Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

Motion: M/M by Phillips, 2nd by Seo to approve the agenda.

Vote: Voice vote. Motion carried unanimously.

FINANCE COMMITTEE MEETING MINUTES

DATE: 04/10/99

III. OLD BUSINESS

ITEM A. Non-Profit Exemption

Discussions concerning the Non-Profit Exemption removal from the new Sales Tax Ordinance were conducted. No motions made

IV. NEW BUSINESS

None

V. COMMITTEE CHAIR'S COMMENTS

The Mayor reported that the meeting on Monday, April 05, 1999, with the Seniors at the City Senior Center went well. The emphasis was the sales tax exemption issue. The Mayor stated that in order to continue to provide senior services the exemption elimination was necessary. The Mayor requested the Director to establish a City Home page on the internet which is in progress.

VI. FINANCE DIRECTOR'S COMMENTS

The City had not received exemption requests to date from non-profits. The Braund Building request for proposals (RFP) are issued. Budget preparation is proceeding according to schedule.

FINANCE COMMITTEE MEMBER'S COMMENTS

Darrell Jones stated that there was an increase in sales tax collection since the first of April. He desired a list from the City of those Non-Profits, Federal, and State agencies that are exempt. He suggested that the Education classes for new businesses be provided in late August and in January. The Mayor concurred. Jones would like the City to advertise on cable the key differences and new rules for sales taxes.

VII. ADJOURNMENT

Motion: M/M by Phillips, 2nd by Seo to adjourn the meeting at 8:30 p.m.

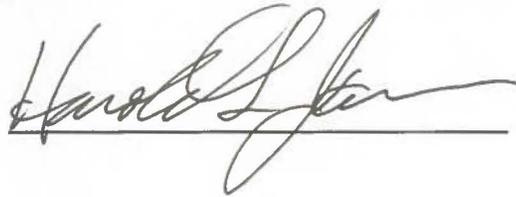
Vote: Voice vote. Motion carried unanimously.

Passed and Approved This 13th Day of May, 1999

FINANCE COMMITTEE MEETING MINUTES

DATE: 04/10/99

Signature:

A handwritten signature in black ink, appearing to read "Hal Jones", written over a horizontal line.

Hal Jones, Chairman

ATTEST:

A handwritten signature in blue ink, appearing to read "S. Robinson", written over a horizontal line.

S. Robinson, Finance Director

CITY FINANCE COMMITTEE

- Hal Jones, Chairman*
- Darell Jones*
- Irv Kreider*
- Mark Renner*
- Clint Schink*
- Kilsoo Seo*
- Agnes Phillips, Mayor*

FINANCE DIRECTOR

Stu Robinson



**City of Bethel
 Regular Finance Meeting Minutes
 Thursday, May 13, 1999**

I. CALL TO ORDER

Chairman Hal Jones convened the meeting at 7:55 p.m. in the Bethel City Offices Conference room.

II. ROLL CALL

- Present: Phillips, Schink, Kreider, H. Jones
- Absent: Renner, D. Jones, Seo
- Guests: Laurie Walters, Purchasing Office, City of Bethel

III. PEOPLE TO BE HEARD

None

IV. APPROVAL OF MINUTES

Motion: M/M by Kreider, 2nd by Phillips to approve the minutes of the April 8, 1999 meeting as presented.

Vote: Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

Chairman Jones suggested that since there was a person in the audience with interest in New Business, that the agenda be amended to deal with that first.

Motion: M/M by Schink, 2nd by Kreider to amend the agenda, and to approve the agenda as amended to address New Business: Item A first.

Vote: Voice vote. Motion carried unanimously.

VI. NEW BUSINESS

ITEM A: RFP FOR AUDIT SERVICES REVIEW

After some discussion and further review of the proposals for Professional Audit Services received from KPMG, Altman, Rogers Co., Mikunda, Cottrell & Co., and Newhouse and Vogler, the Committee presented their evaluation sheets of the four proposers to Purchasing Agent, Laurie Walters. It was agreed that the Audit Approach portion of the Technical Qualifications would be eliminated from the evaluation since the Committee members admittedly lacked the expertise to rate the firms on these criteria. Ms. Walters then explained that the highest scoring firm would then be recommended to the City Council for award of the Professional Audit Services contract.

VII. OLD BUSINESS

ITEM A: TAKE HOME VEHICLE POLICY

Discussions concerning the use of City vehicles led to a consensus to recommend the minimization of take home vehicle usage in order to reduce spending of Operating and Maintenance monies.

ITEM B: WATER RATES

The Committee discussed the inequality of water rates in relation to usage and agreed that the use of meters was the most appropriate method of fairly assessing charges for water usage. This applies to both hauled and piped deliveries. It was suggested that the Finance Department investigate the costs associated with converting to metered services.

Motion: M/M by Schink, 2nd by Kreider, to recommend to Council that water rates be established and determined by usage.

Vote: Voice vote. Motion carried unanimously.

VIII. COMMITTEE CHAIR'S COMMENTS

The Chairman addressed the Sales tax issues that have come up since April 1, 1999. Chairman Jones reemphasized his understanding that Federal and State funded businesses/agencies are exempt from paying sales tax. Various individual agencies were mentioned and discussed. The Director responded that to be exempt from paying taxes, the business must request an exemption from the City in accordance with the City ordinance. The Chairman requested a list of all those businesses that the City has deemed tax exempt.

Motion: M/M by Schink, 2nd by Kreider to recommend to Council that those entities receiving State Revenue Sharing funds as listed in the City Budget and those entities receiving direct funding from State and Federal sources, with the exception of agencies receiving grants, would be exempt from paying City sales tax.

Vote: Voice vote. Motion carried unanimously.

IX. FINANCE DIRECTOR'S COMMENTS

The Finance Director informed the Committee that the Assistant Finance Director tendered her resignation effective August 10, 1999. The Director also reported that the City would advertise as soon as possible to fill the position.

X. FINANCE COMMITTEE MEMBER'S COMMENTS

None

XI. ADJOURNMENT

Motion: M/M by Phillips, 2nd by Kreider to adjourn the meeting at 10:00 p.m.

Vote: Voice vote. Motion carried unanimously.

PASSED AND APPROVED THIS 10TH DAY OF JUNE, 1999

Signature:

Hal Jones, Chairman

ATTEST:

S. Robinson, Finance Director

FINANCE COMMITTEE MINUTES

DATE: June 17, 1999

CITY FINANCE COMMITTEE

*Hal Jones, Chairman
Darell Jones
Irv Kreider
Mark Renner
Clint Schink
Kilsoo Seo
Agnes Phillips, Mayor*



*FINANCE DIRECTOR
Stu Robinson*

**City of Bethel
Regular Finance Meeting Minutes
Thursday, June 10, 1999**

I. CALL TO ORDER

Chairman Hal Jones convened the meeting at 7:35 p.m. in the Bethel City Offices Conference room.

II. ROLL CALL

Present: D. Jones, H. Jones, Kreider, Phillips, Renner, Schink
Absent: Seo
Guests: Bob Herron, City Manager; Laurie Walters, Purchasing Agent

III. PEOPLE TO BE HEARD

None

IV. APPROVAL OF MINUTES

Motion: M/M by Schink, 2nd by Kreider to approve the minutes of the May 13, 1999 meeting as presented.

Vote: Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

Motion: M/M by Schink, 2nd by Renner to approve the agenda as presented.

Vote: Voice vote. Motion carried unanimously.

VI. OLD BUSINESS

ITEM A: REVIEW RFP FOR AUDIT SERVICES

Chairman Jones reported that at the previous meeting the Committee evaluated the proposals received from the four audit firms. Chairman Jones stated that he and several other members voiced reservations to the Finance Director about the firm who scored the highest points, Altman, Rogers & Co., regarding the way they had "nickle and dimed" the City previously and their handling of the local sales tax audits. Mr. Darrell Jones also

VII. NEW BUSINESS

ITEM A: SALES TAX AUDIT

Finance Director Robinson stated that the City does not receive any benefit by hiring a firm from out of town to conduct local sales tax audits, when considering cost and convenience. Discussion followed about how the City could focus some of the sales tax audits directly at those running businesses under questionable practices, which raise a "red flag". City Manager Herron replied that the City has the right to conduct random audits, meaning any time the City chooses, not necessary that the names to those businesses to be audited would be drawn from a hat. Additional discussion followed on how the City would implement the local sales tax audits. Mr. Darrel Jones added that the City needs to ensure that the firm conducting the sales tax audits is very knowledgeable of the sales tax ordinances, as the previous firm was not and they were not thorough in their audit of his business.

ITEM B: EXEMPTIONS

City Manager Herron reported that the City Council had not taken any action on the Finance Committee's recommendation made at the May 13 meeting to exempt from City sales tax those entities receiving State Revenue Sharing funds as listed in the City Budget and those entities receiving direct funding from State and Federal sources, with the exception of agencies receiving grants.

Mr. Herron informed the Committee of the City's plans to implement an I.D. card system as another form of proof of sales tax exempt status. A conversation ensued regarding the use of the sales tax exempt certificate issued by the City Clerk versus the I.D. card, soon to be issued by the City. City Manager Herron stated that it would depend on the situation as to which form of proof the City would use for whom.

Chairman Jones concluded this agenda item by recommending that rather than having a business license application and a separate sales tax exemption application, the business license application be modified to address both, thus allowing the business owner to fill out just one form at the beginning of the year.

Before moving on to the Chair's Comments, Ms. Walters presented the Committee with a sales tax question addressed to the Sales Tax office by a local business owner that was not clearly answered in the ordinance. The question dealt with a business owner in Bethel leasing equipment from a business located and operating outside of Bethel. After some discussion and personal interpretations of the ordinance, it was determined that the issue should be referred to the City's attorney for further review and opinion.

VIII. COMMITTEE CHAIR'S COMMENTS

None

IX. FINANCE DIRECTOR'S COMMENTS

None

voiced his concern as to how the sales tax audits were conducted last year. City Manager Herron reported that at the June 8 City Council meeting it was noted that the local sales tax audits would be conducted by a local firm, under a separate contract.

Several Committee Members explained the difficulty in evaluating the proposals on a technical basis without having any technical knowledge themselves. It was recommended that in any future evaluation of audit services proposals the technical criteria be eliminated and replaced with something more easily evaluated, such as the firm's previous performance with the City of Bethel, etc.

ITEM B: SALES TAX

Chairman Jones reported that the City Council had recently voted to amend the Sales Tax Ordinance reinstating the Senior Citizens sales tax exemption for food, utilities, and rent. The Committee Members voiced their great disappointment at the Council's action, stating that they wished the Council had waited just six months or so to allow the City to collect some good financial information. Chairman Jones pointed out that the FY2000 budget, which was just approved by Council, reflects the additional anticipated revenues as a result of the repeal of the Senior sales tax exemption. He added that due to the recent action of the Council these additional revenues will not be realized.

Mr. Schink recalled the additional \$25 water and sewer discount for Seniors, which was instituted in the original amendment of the sales tax ordinance, which repealed the Senior Citizen sales tax exemption. Mr. Schink questioned whether the additional \$25 discount would remain in effect, in light of the Council's newest decision to reinstate the exemption for Seniors. Ms. Phillips stated her opinion that the additional discount should be repealed.

Chairman Jones forewarned the Committee that he was unwilling to take any further action on this issue, including making any recommendations to repeal the additional utility discount or even opening the Senior sales tax exemption issue, due to the negative reaction to his views by the public on previous occasions.

Motion: M/M by Phillips, 2nd by Renner to recommend to the City Council that they repeal the additional \$25 Senior discount for City utilities, based on the Council's vote at their last meeting to reinstate the Senior Citizen sales tax exemption.

Vote: Roll call. Motion failed; yes-3, no-3 (D. Jones, H. Jones, Kreider)

Motion: M/M Schink, 2nd by Phillips to recommend to the City Council that they reconsider the overall financial ramifications of their decision to the City by reinstating the Senior Citizen sales tax exemption.

Vote: Roll call. Motion passed; yes-4, no-2 (H. Jones, Kreider).

The Committee took at five-minute break.

The Chairman reconvened the meeting at 8:12 p.m.

X. FINANCE COMMITTEE MEMBER'S COMMENTS

None

XI. ADJOURNMENT

Motion: M/M by Renner, 2nd by Schink to adjourn the meeting at 9:05 p.m.

Vote: Voice vote. Motion carried unanimously.

PASSED AND APPROVED THIS 8TH DAY OF JULY, 1999

Signature:

Hal Jones, Chairman

ATTEST:

S. Robinson, Finance Director