MINUTES

KEIZER CITY COUNCIL

Special Session
Friday, June 28, 1991
Robert L. Simon Council Chambers
Keizer City Hall

CALL TO ORDER

Mayor Orcutt called the special session to order at 7:31 a.m. Roll call was taken as follows:

Present
Andrew J. Orcutt, Mayor
Dennis Koho, Councilor
Jerry McGee, Councilor
Bob Newton, Councilor

Arrived During Meeting
Mike Hart, Councilor
Joe Van Meter, Councilor
Al Miller, Councilor

Staff
Donald H. Otterman, City Manager
Wally Mull, Public Works Director
John Morgan, Community Development Director
Sue Darby, City Recorder

PUBLIC TESTIMONY

There was no public testimony to come before the Council.

Councilor Van Meter arrived at 7:32 a.m. Councilor McGee left the room.

LIABILITY/ WORKERS COMP INSURANCE

Mr. Otterman reviewed with the City Council the staff report regarding insurance coverages for 1991-92. He explained that Sedgwick James Company, on behalf of Northland Insurance, has offered the same limits of coverage as the past fiscal year and the quote is well within the budgeted amount.

Councilor McGee returned to the room at 7:34 p.m.

Joe Phillippay, representing Sedgwick James Company, added that the coverage proposed for 1991-92 is essentially the same as last year's coverage with the addition of new equipment added by the City.

Councilor Koho moved to approve the proposal as submitted by Sedgwick James for coverage by Northland Insurance for 1991-92, subject to budget

FMAGIC

approval. Councilor Van Meter seconded the motion. The motion passed unanimously by the following vote:

AYES: Orcutt, Koho, McGee, Newton, Van Meter (5)
NAYS: None (0)
ABSENT: Hart, Miller (2)

Mr. Otterman reviewed the staff report regarding the workers compensation quotes received from SAIF Corporation and City/County Insurance Services (CCIS). He explained that the SAIF quote appears to offer the best proposal to the City in that it combines low risk cities into a group. The best case scenario on next year's rate with SAIF may be as low as $19,000 to $27,000. The worst case scenario with SAIF could be $56,951, which is only $900 higher than the CCIS quote.

Mr. Phillippay stated that the CCIS program has a guaranteed cost plan where the City would pay the first $15,000 in losses as a deductible, in addition to a $42,000 premium.

Councilor Hart arrived at 7:37 a.m.

Mr. Phillippay indicated that the SAIF proposal is a retrospective rating plan and this is the first year it is being used. The advantage is the lower premium if losses continue to be minimal within the group. He added that in order to qualify, SAIF requires that the entities meet rigorous standards before being allowed into the plan.

Mayor Orcutt indicated that he recalled an obligation that in order for the City to take advantage of the CCIS coverage, it had to make a three year commitment. He recalls this year as being the third year. Mr. Otterman indicated that the City had insured through CCIS several years ago, but that he is unaware of any three year commitment. Mr. Phillippay added that in 1986-87, the City was insured through CCIS.

Councilor Newton indicated that he favors the SAIF proposal in that there are tangible results. The SAIF program recognizes the safety records and provides an incentive.

Councilor Newton moved to approve the SAIF proposal for workers compensation coverage for 1991-92, subject to budget approval. Councilor Koho seconded the motion. The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Newton, Van Meter (6)
NAYS: None (0)
ABSENT: Miller (1)

1991-92 CITY BUDGET

Mr. Otterman reviewed with the Council the final proposed 1991-92 annual City budget. He highlighted those items which have been changed in the document, and have been noted with an asterisk. He explained that the first column shows the Budget Officer's proposal to the Budget Committee in January. The second column shows the Budget Committee's approval to submit to the voters for a levy. The third column has some changes because actuals or expenditures are now known for the current budget year. Mr. Otterman indicated that some of the franchise fees are shown at a higher figure because the actual revenues are higher than expected this year. Liquor and cigarette revenues are higher because of an increase in the per capita numbers received from the League of Oregon Cities in June.

Mr. Otterman reviewed the adjustments in line item expenditures, including a 5% cost of living adjustment for salaries through the budget. In making this change, it was also necessary to adjust the retirement line items, and the health insurance also increased in cost. With respect to the health insurance coverage, Mr. Otterman explained that the current health plan is being phased out. In order to obtain comparable coverage, it would be necessary to add other options to the basic plan. Therefore, the City is considering an enhanced plan which will include prescription and vision coverage as well as some other aspects that exist in the current plan. Mr. Otterman also addressed changes in the disability and life insurance plans.

With respect to the police budget, Mr. Otterman indicated that the 5% cost of living adjustment has also been made in this area, although negotiations with the collective bargaining association are not yet complete. He also noted that the Records Supervisor position has been changed to Police Support Specialist and those funds have been rebudgeted. Overtime has been increased to reflect the actual expenditures this year.

Councilor Koho asked if it would be possible to hire another officer for the $65,000 budgeted for overtime. Sgt. Jenness stated that this amount covers the entire department. Because of staffing, the City must pay overtime to officers attending court or working overtime for doing reports.

Responding to a question from Councilor McGee, Sgt. Jenness indicated that the sergeants receive overtime pay but the Chief does not.

Mr. Otterman explained that there has been a big increase in the dispatch costs because of the transfer to the Salem Communications Center which took place in mid-March. The first billing for the April-May-June period was $50,000. Extending this amount out would appear that the annual cost could exceed $200,000. However, because of initial problems which have since been resolved, the cost is expected to run about $175,000, although Keizer has little, if any, control over the cost. Sgt. Jenness stated that there were five over hires and

that they are expected to reduce that number through attrition. The over hires were inherited because of the number of people transferred from Met Com who are on long term medical leave. He explained that there are a lot of problems in there, and that there are a lot of problems because so many agencies are involved along with three different radio frequencies.

Responding to a question from Councilor Koho, Sgt. Jenness indicated that Keizer has a vote with respect to the operation. Councilor Koho expressed concern that the jurisdictions must work together to control the costs. There appears to have been a tremendous jump in costs right at the start. Mr. Otterman noted that the Fire District is in the same situation. It was expecting to pay $80,000 and the bill has come in at $130,000.

Councilor Newton indicated that there is an advisory committee of which Keizer is a part. He stated that the City needs to keep abreast of the operation. Mr. Otterman stated that he understands there was discussion at their last Board meeting to the effect that the staffing level was kept low intentionally at the beginning.

Councilor Hart indicated that it will be necessary to monitor the costs and work with the other agencies in keeping them contained.

Mr. Otterman continued with his review of the budget document, noting the legislation affecting the prisoner medical expense payment. The total General Fund proposed for 1991-92 amounts to $2,305,593. He stated that there is sufficient money in the budget to drop the amount of taxes necessary to balance the budget as approved by the voters in the levy.

With respect to the proposed addition of a code enforcement officer, Councilor McGee suggested that the hiring of this position be delayed until October 1 during which time a "needs" analysis can be completed. He questioned whether the City needs a code enforcement position or an assistant planner position.

Councilor Koho indicated that the voters approved the number of dollars and number of people in the levy. He believed the bigger value would be for the City to now keep their word in what they told the voters. Councilor Hart agreed with leaving the budget as is, then to make any necessary adjustments at the end of the year. Councilor McGee agreed that the public was told one thing and that this should be honored, however, he believed such a change may result in a savings to the City of $29,000 to $30,000. Mayor Orcutt noted that even if this budget is passed, the code enforcement officer would not be hired immediately.

Councilor McGee asked that a budget note be included to explain this situation. Mr. Otterman indicated that the position has not yet been advertised. If

approved, it would take 30 days to run the ad, plus additional time to review the applications and once someone is hired, more time for them to give notice to their employer. He is looking at having someone on board in September.

Councilor Newton indicated that he does not wish the City to hire a code enforcement officer now and then find that it should have hired an assistant planner. He believed it would be appropriate for an independent analysis to be conducted on why the change should be made. In response to a question from Councilor Newton, Mr. Otterman stated that the City has cancelled its planning contract with Marion County. However, they have agreed to handle Keizer's planning on a two month interim basis until Keizer resolves this question. He added that it appears the County does not want to continue with the planning contract. Mr. Morgan confirmed that this was the discussion by the Board of Commissioners at one of their meetings. Mr. Otterman added that Marion County indicated they did not wish to be the ones who cancelled the contract, but that they would be pleased if Keizer wished to do so. He noted that there is a 30 day termination clause in the contract.

Councilor Van Meter indicated that he has not seen Mr. Morgan's memorandum on the new proposal and, therefore, cannot respond to the issue. He opposed the concept of a budget note, adding that he has relied on the City Manager and staff in the past to advise the City Council on the City's needs. If a study is conducted, he would oppose hiring an outside consultant.

Councilor Hart indicated that he also has not seen Mr. Morgan's memorandum. He questioned how the prime building season will be handled if a code enforcement officer is not brought in as soon as possible. Mr. Otterman stated that Marion County will follow up with the initial investigation of building violations through their Building Department, as usual. The only difference is that the City will be handling the solid waste complaints. Councilor Hart indicated that if this is the case, he would not be so concerned.

Councilor Van Meter moved to refer back to staff the issue of hiring a code enforcement officer and that staff prepare documentation to present to the City Council on the code enforcement officer position versus an assistant planner position. Councilor Newton seconded the motion.

Councilor Miller arrived at 8:30 a.m.

The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton, Van Meter (7)
NAYS: None (0)

Councilor McGee believed that budget notes should be included in the budget document, although they should not be scattered throughout it.

The Council discussed the reimbursable travel expenses versus monthly vehicle allowances for the City Manager at $300 and Police Chief at $200. Councilor Koho indicated that this is an issue which needs to be clarified, and have the employees document their expenses. He believed, however, that this is outside the scope of budget approval discussions.

Councilor McGee proposed that those monthly allowances be moved to the "Personal Services" category rather than "Materials & Services" category.

Mayor Orcutt moved that the line item for travel and transportation remain in the "Materials & Services" category. The motion died for lack of a second.

Councilor McGee moved to separate out the monthly travel allowances from "Materials & Services" and place them under a new line item under "Personal Services." Councilor Newton seconded the motion.

Mayor Orcutt indicated that there are some reimbursable expenses that come out of Materials & Services and some of that money needs to be left in that category. Mr. Otterman indicated that he could separate those amounts out into the different categories.

The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton, Van Meter (7)
NAYS: None (0)

Following discussion on the issue of an increase in the police overtime budget, Councilor McGee moved to reduce the police overtime line item from $65,000 to $60,000. Councilor Koho seconded the motion.

Councilor Koho questioned whether the 5% cost of living adjustment had been included in Councilor McGee's calculations in his proposal to lower the line item. Councilor McGee indicated that he did not compute that figure into his calculations. Mayor Orcutt agreed with Councilor McGee's concern about keeping a handle on the overtime, however, he felt comfortable with the original figure of $65,000.

The motion passed by the following vote:

AYES: Hart, Koho, McGee, Miller, Newton (5)
NAYS: Orcutt, Van Meter (2)

Councilor McGee questioned the sharp increase in the workers compensation premium. Mr. Otterman explained that the City received a $20,000 reimbursement from SAIF for the prior year. Because there was no revenue line item in which to place this amount, the accountant credited the amount back to

the line items from which it came. Therefore, the workers compensation premium shown in the budget for the current year is artificially lower than the actual premium.

Councilor McGee indicated that he had asked the City Manager to present major changes to the budget, however, he has heard of none. Councilor McGee believed that the reimbursement from SAIF was a significant issue.

Councilor McGee moved to reduce the unemployment line item from $8,000 to $4,000. Councilor Hart seconded the motion. The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton, Van Meter (7)
NAYS: None (0)

The Council discussed whether cost containment occurred within the Police Department's budget. It was noted that, except for the communication center costs, the Police budget is in line with the cost containment in all other areas.

Mr. Otterman recapped the changes made in the General Fund portion of the budget, as follows:

- The police overtime was reduced to $60,000
- The police unemployment was reduced to $4,000
- The unappropriated ending fund balance was changed to $109,000

URBAN RENEWAL AGENCY BUDGET

Councilor McGee distributed a proposal to reduce the Urban Renewal Agency tax levy to $0.12 from the proposed $0.21. This will result in getting the project off to a slower start, however, it was originally proposed that the levy would not reach $0.21 until the eighth year. This proposed amount will allow financing of the design plan and will begin the loan repayment which would continue over a four year period. Councilor McGee believed a $0.21 budget would send shock waves throughout the community. A similar situation in Salem has caused referendums.

Councilor McGee moved to adopt his concept of the Urban Renewal budget. Councilor Koho seconded the motion.

The Council discussed the allocation of personal services. Mr. Otterman explained that if the Council agrees to reduce the Urban Renewal Agency budget to one including Materials & Services only, then the General Fund budget will need to pick up the remainder of the Personal Services costs.

Councilor Hart recalled that this was an issue discussed by the Budget

Committee, and that the Budget Committee supported the higher amount. He reminded the Council that the Budget Committee is comprised not only of the seven Council members, but also of seven citizen representatives. Councilor McGee recalled that this budget passed based on the votes of the Council members in the Budget Committee meeting.

Mr. Otterman indicated that most of the staff time during the first year will be spent in the development of the master plan for the project. Councilor McGee encouraged staff to keep a running account of time spent.

The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton, Van Meter (7)
NAYS: None (0)

CITY BUDGET

Councilor Koho asked whether the reserve of $50,000 and the unappropriated ending fund balance of about $70,000 may be insufficient to meet generally expected and unexpected occurrences. Mr. Otterman indicated that with personnel changes and other things, there should be a little more than that in the ending fund balance. An item on the agenda includes shifting around funds in the existing budget and taking $30,000 from contingencies. Councilor Koho stated that if the pumped up State revenue funds are reduced, the budget could be right at the edge. Mr. Otterman indicated that the City did not anticipate getting an additional $60,000 this year from increased State revenues.

Councilor Koho indicated that not all personnel expenses are clarified and that he is uncomfortable with the lowered ending fund balance.

Councilor Koho moved that the taxes necessary to balance be increased $30,000 and put into the ending fund balance for a total of $99,746. Councilor Hart seconded the motion.

Mr. Otterman stated that each penny in property taxes represents revenue of $4,700 to $4,800, depending on the assessed value.

Councilor McGee stated that he understands Councilor Koho's intent and that there is a comfort zone. He believed that the City will eventually save money on the code enforcement officer position and, although he does not know what the State will do with taxes, there are some bills in the Legislature that may create more money for cities. He indicated he would vote against the motion.

The motion passed by the following vote:

AYES: Orcutt, Hart, Koho, Miller (4)
NAYS: McGee, Newton (2)
ABSENT: Van Meter (1)

Councilor Koho moved for a resolution adopting the budget. Councilor Hart seconded the motion.

Councilor McGee believed this is a very responsible budget and he would support the motion.

The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton (6)
NAYS: None (0)
ABSENT: Van Meter (1)

Councilor Koho moved for a resolution making appropriations. Councilor Hart seconded the motion. The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton (6)
NAYS: None (0)
ABSENT: Van Meter (1)

Councilor Koho moved for a resolution levying ad valorem taxes in the amount of $1,086,498. Councilor Hart seconded the motion. The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton (6)
NAYS: None (0)
ABSENT: Van Meter (1)

Mr. Otterman stated that with the passage of the budget and refunding of the water bonds, there will not be the need to increase the water rates this year. He explained that the original prediction was to increase them between five and eight percent.

Councilor Koho moved for passage of an ordinance declaring the City's election to receive State revenues. Councilor Hart seconded the motion. The motion passed unanimously on first reading by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton (6)
NAYS: None (0)
ABSENT: Van Meter (1)

Councilor Koho moved for passage of a resolution certifying that the City provides four or more municipal services. Councilor Hart seconded the motion. The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton (6)
NAYS: None (0)

ABSENT: Van Meter (1)

COMPENSATION COMMITTEE REPORT

Mr. Otterman reported that the City Council Compensation Committee has recommended a 5% cost of living adjustment for all employees. He added that the committee also recommended that the City pay an additional premium on enhanced medical and dental insurance coverage and to change the existing disability insurance policy. Mr. Otterman stated that there has been some discussion on the compensation survey conducted by Local Government Personnel Institute which was later revised by a staff survey. The Compensation Committee wishes to study the review in more depth, especially with respect to equalizing the benefits on vacation and sick leave accrual earned by different classifications of employees. Therefore, no recommendations have been made in this area. Mr. Otterman noted that the negotiations with the police association have not yet concluded.

TRANSFERRING APPROPRIATIONS

Councilor Koho moved for a resolution transferring appropriations for 1990-91. Councilor Hart seconded the motion. The motion passed unanimously by the following vote:

AYES: Orcutt, Hart, Koho, McGee, Miller, Newton (6)
NAYS: None (0)
ABSENT: Van Meter (1)

OTHER BUSINESS

There was no other business to come before the Council.

ADJOURNMENT The meeting adjourned at 10:03 a.m.

Respectfully submitted,

Susan Darby

Susan Darby, City Recorder

APPROVED:

MAYOR