

**City of McMinnville  
City Council Audit Committee  
Meeting Minutes**

**Date:** September 9, 2016, 9:00 a.m.

**Audit Committee:** Scott Hill, City Councilor  
Kellie Menke, City Councilor

**Staff:** Martha Meeker, City Manager  
Marcia Baragary, Finance Director  
David Koch, City Attorney  
Rich Leipfert, Fire Chief

**Minutes from May 10, 2016 meeting**

The minutes from the May 10, 2016 meeting were reviewed and approved.

**PERS Transition Liability**

The main item on the agenda was discussion of the PERS transition liability and the methodology for calculating the allocation of the liability between the City and McMinnville Water and Light.

Marcia explained that when the PERS State and Local Government Rate Pool (SLGRP) was created in 2001, PERS actuaries calculated a transition surplus or liability for each employer joining the SLGRP. The transition surplus or liability for the employer was not absorbed by the SLGRP, but remained the responsibility of the employer. When the City (including McMinnville Water & Light) joined the SLGRP, PERS actuaries determined that the City had a transition liability (TL). The City determined that it is in its best interest to make a lump sum payment to PERS, eliminating the TL and reducing the City's employer contribution rate. The City intends to execute a bank loan and use the loan proceeds to pay off the TL.

To arrive at a fair and reasonable methodology for allocating the liability, City and MW&L calculated an average of covered payroll and employer contributions for the previous 14 years. Historical information was used to "smooth" the year to year fluctuations in the numbers. Based on this calculation, the percentage allocation of the total TL to the City is 72.713% or \$3,502,560 and the allocation to MW&L is 27.287% or \$1,314,405.

The City and MW&L have discussed this methodology for allocation of the TL with our respective auditors. Neither Merina & Company nor Moss Adams had any concerns. City staff also discussed the methodology with bond counsel and our municipal advisor. Both indicated that the methodology seemed reasonable and was appropriate for purposes of allocating the TL between the City and MW&L.

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Martha mentioned that MW&L Audit Committee member, Tom Tankersley, indicated that he would like to meet with the City's Audit Committee to confirm that the City and MW&L are in agreement about allocation of the TL. If both Committees agree, a resolution approving the allocation and payoff of the TL will be presented to the MW&L Board at the September 20<sup>th</sup> meeting and to the City Council at their September 27<sup>th</sup> meeting.

Scott and Kellie asked staff to schedule a joint meeting with the MW&L Audit Committee prior to the MW&L Board of Commissioners meeting on September 20, 2016, at 5:30 p.m.

The Audit Committee meeting was adjourned at 10:15 a.m.

**Fire Department Staffing**

Chief Rich Leipfert joined the meeting to discuss staffing issues in the Fire Department. Chief indicated that employees are often working ten double shifts in a month, which means that an employee could work twenty shifts out of the thirty shifts available during a month. This is because of the number of vacancies from turnover and injury-related leave. Chief explained that working so many double shifts can contribute to employee safety issues and David added that it also is detrimental to employee morale.

Chief stated that hiring a full-time firefighter/paramedic "floater" would relieve some of the pressure on employees and would be budget neutral because the employee could cover shifts as needed, thereby reducing the cost of overtime.

Kellie asked whether there would be a benefit to hiring additional "floaters". Chief replied that he was confident that adding one more "floater" would also be budget neutral and that a third "floater" would be beneficial. When asked about the reason for firefighter/paramedics leaving the City, Chief indicated that the primary reason is frustration with the workload and the need to work numerous double shifts.

Scott asked about funding for the Ambulance service and Rich replied that he is currently pursuing the option of charging a fee to care homes. The number of care homes in McMinnville has increased significantly in the last several years. Calls to care homes now represent 35% of all "in City" calls. Chief will research the cost of administering a fee or licensing of care homes.

Chief also explained that Fire and Ambulance should be considered as one operation for budget purposes. The City is required to provide fire services and hiring firefighters to provide fire services is costly. The revenue generated by Ambulance helps offset this cost.

Chief will report the information discussed at this meeting to the City Council on September 27<sup>th</sup>.

Kellie and Scott thanked Chief for the information and ended the discussion.