

**MINUTES/FINANCE COMMITTEE**

**Tuesday, February 11, 1997 - 3:45 p.m.**

Members present: Carpenter, Babinchak, Bakken, Hamerlik.

1. Matter of request from Cheryl Arntz for transfer of sick leave.

Cheryl and Barry Arntz were present. Mr. Schmisek stated that this request from Mrs. Arntz who will be having a baby in July and wanted to transfer sick leave from her husband, Barry.

Rick Duquette, mayor's assistant, stated he was presenting this item as both Mr. Gordon and Mr. Hovland of Human Resources were out of town. He stated request is in behalf of Cheryl and Barry Arntz, who are both employed by the City and who have extenuating medical circumstance that will probably exhaust all of Cheryl's sick leave and they would like to transfer some of Barry's sick leave to her. He stated that as of December 31, 1996 the current policy terminated; and that he brought some documentation re. tax issues that committee may be aware of. He stated that there is going to be a new policy developed concerning transfer of sick leave. He stated that we currently have no policy on the transfer of sick leave and expressed Human Resources' support.

He stated there are two issues re. transfer of sick leave that Mr. Gordon would like him to discuss, having to do with taxation. He stated that under our tax code if an employee transfers sick leave, he is required to pay tax on it, and recipient of that sick leave will also have to pay taxes on it. He reported that Human Resources is going to recommend going to a paid sick leave bank where employee would donate sick leave to a bank anonymously and would not have to pay taxes on it, but the employee receiving the sick leave for use in emergency circumstance, would have to pay taxes. He stated that the request from the Arntz' would fall within the compliance of the tax codes, will cost them some money to transfer sick leave from Barry to Cheryl.

Mr. Bakken reported present.

Mr. Duquette stated there is not cost to the City; he stated that he thought they should leave amount of sick leave open under family medical leave act; that an employee can take up to 12 weeks or 480 hours of sick leave and doesn't think should limit that.

Carpenter asked Mrs. Arntz how much time she has and how much time requesting; she stated she has approx. 4 weeks of sick leave and would like to be home for 8 weeks depending on situation if can use 12 weeks she will; would be looking to take 4 to 8 weeks of her husband's sick leave. Mr. Duquette stated that if the committee endorses this request, he would recommend leaving open-ended. Mr. Duquette stated that employee wouldn't pay taxes on earned benefit of sick leave until it's converted into compensation.

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Hamerlik stated that at present City doesn't have policy, that committee granting exception, should have documentation from the medical profession.

It was questioned whether sick leave accumulated at one pay rate and if transferred, paid out at a different pay rate. Mr. Schmisek reported that it would be taxable to the employee giving it at the earned pay rate and cash payment paid at the rate of the person receiving it, so there could either be a cost to the City or a savings to the City.

Howard Swanson, city attorney, stated that given circumstance that they are husband and wife, the tax implications aren't that significant, that they are aware of tax implications they have to deal with, would support request, committee not creating policy but acting on specific request.

Moved by Hamerlik and Bakken inasmuch as they have had a transfer of sick leave policy and currently do not have but are currently in the process of formulating one, moved that we grant an exception to the Arntz' and to allow the transfer. Motion carried.

2. Matter of snow removal bill.

It was noted that the committee had received copies of a letter and photos concerning a request for \$50.00 payment for some work that was done and asking committee to consider that bill. Mr. Hamerlik asked whether this was checked out by the department and recommendation from department head, and couldn't support this unless City liable in some way. Carpenter stated that this probably would be the same as driveways or sidewalks being filled in when snowplow goes by. Mr. Duquette stated that normally these are referred to the

department and Mr. Grotte does complete follow-up, but he has not seen this letter. Mr. Grotte reported they have received 2 to 3 calls week concerning mail- boxes, talked to Post Office and it's up to mailman whether to deliver but if street department told them of area where lot of trouble they would try to work things out. He said he's not sure what City's responsibility is as far as mail delivery, but primary responsibility is to keep streets open so can drive on them; that post office says it's homeowner's responsibility to maintain access to the mailbox. It was noted that residents have to shovel side- walks and steps to get to mailbox. Mr. Grotte stated there is just too much snow to clear driveways, areas of mailboxes, etc.

Moved by Hamerlik and Bakken to deny the request. Motion carried. (committee only)

The committee directed that William O. Haug, 235 Northridge Hills Court, be informed of the committee's action.

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3. Application for 3-year remodeling exemption:

a) 1014 Belmont Road, Sheila J. Scardina

Mel Carsen, city assessor, reported that owner doing significant remodeling to the house, approx. \$20,000, all in accordance with guidelines, and would recommend approval.

Moved by Babinchak and Bakken to approve the application. Motion carried.

4. Matter of tax exemption for Longview Fibre Company.

Mr. Schmisek reported this came back to committee from last council meeting as the property is outside the city limits and application was going to the County. Mr. Swanson asked committee to hold. Committee asked Mr. Schmisek to call Dick Olson, Economic Development Foundation, to send letter requesting ap. be withdrawn. Held for 2 weeks.

5. Matter of sanitation rates.

6. Matter of budget amendments for sanitation budget to reflect

council decision for once a week garbage pickup.

Mr. Schmisek reported that he and Mr. Grotte haven't had chance to review and come up with what changes would be in the budget amendments and are looking for direction from committee. He stated they are looking to put together some type of timing proposal when this change will take effect and what that will

do to the rates, what suggested rate should be, etc. and what line items of the budget should be amended. Committee asked staff to come up with info. as to what can be reduced in the rates, budget changes, etc. Mr. Bakken asked that they look at rate increase plan for next year, and maybe instead of lowering this year's rate, not do next year's increase. Carpenter stated they could look at both options, but would rather reduce rate now. Hamerlik asked that they have information ahead of time so have chance to review and discuss. It was noted that there is May 1 date for implementation of the once week pickup. Held in committee for staff to bring info back to committee.

7. Matter of resolution relating to employee contributions under

defined contribution retirement plan.

Mr. Schmisek stated that the council had adopted the new defined contribution plan and there was a requirement for adoption of a resolution, which is required by IRS to put this within status of being withheld and not subject to taxes initially. He stated they are asking committee to approve the resolution establishing the tax qualified defined contribution retirement plan and allowing the required contributions per the plan, and make this retroactive to the 15th of February, so are actually going to start withholding at that time, and in visiting with Mr. Swanson, he suggested giving it the retroactive date.

Moved by Babinchak and Hamerlik to adopt the resolution establishing the tax qualified defined contribution retirement

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plan and allowing the required contributions per the plan, with an effective date of February 15, 1997.

Hamerlik questioned words "picked up" in the resolution, that this could be interpreted a couple ways. Carpenter stated that this is coming out of the IRS code.

Upon call for the question, the motion carried.

Moved by Hamerlik and Babinchak to adjourn; meeting adjourned at 4:15 p.m

Alice Fontaine  
City Clerk

Dated: 02/11/97.