

**MINUTES
FAIRVIEW CITY COUNCIL WORK SESSION
FAIRVIEW CITY HALL
1300 NE VILLAGE STREET
FAIRVIEW, OREGON 97024**

February 16, 2005 -- 5:15pm

**I. CALL TO ORDER/
ROLL CALL**

Council President Steve Owen called the meeting to order at 5:25pm.

PRESENT: Mayor Mike Weatherby (arrived 5:30pm)
Councilor Darrell Cornelius
Councilor Barbara Jones (arrived 5:35pm)
Councilor Steve Owen
Councilor James Raze
Councilor Ken Quinby
Councilor Jim Trees

STAFF PRESENT: Jan Wellman, City Administrator
Laura Zentner, Finance Director
Bob Cochran, Public Works Director
John Andersen, Community Development
Director
Caren Huson, City Recorder

**II. DISCUSSION
Building Inspection
Program**

Jan Wellman, City Administrator, distributed a copy of the contract between the Cities of Fairview and Troutdale for building inspection services, indicating that Item I of the contract spells out the manner of payment for building inspection services, and then payment is indicated under Number 4 of the contract. Administrator Wellman reported that Item I is a problem as discrepancies occur as to how both cities read the contract; Fairview's understanding was that they were to pay actual salaries, benefits and a 15% overhead charge. However, Troutdale is interpreting that other things are included in the costs besides salaries and benefits, such as costs for their Council time, their City Attorney time, their office space, future office space, etc. Administrator Wellman stated that each December, Fairview and Troutdale are to reconcile costs and true-ups are then paid in July of each year. Administrator Wellman introduced Kathy Leder, Finance Director for Troutdale, and John Anderson, Troutdale City Administrator.

Ms. Leder distributed worksheets to the Council which depicted the total amounts for Building Inspection.

Councilor Cornelius stated that he was involved with the contract

when it was negotiated, and the end result of the contract was that Fairview would pay for the independent contractor's time (wages and benefits) plus 15% overhead; the former Fairview City Administrator and former Fairview Finance Director have confirmed his understanding. Councilor Cornelius added that Fairview was also to receive quarterly reports from Troutdale regarding building inspection services.

Ms. Leder commented that she had attended the meeting where Fairview and Troutdale first discussed the contract, adding that the only costs going into the Troutdale General Fund were the salaries and benefits of the contract inspectors. The Troutdale General Fund overhead was allocated 15% on top of those direct costs to Fairview. The Troutdale Special Revenue Fund contains an allocation for the staff individuals who tracked their time that was related directly to Fairview and the Building Inspection Program. The Permits Specialist in Troutdale, Receptionist and Community Development Director all spent part of their time on Fairview inspections. Troutdale then took additional costs related to the Building Inspection Program and allocated them based on their percentage of use. Ms. Leder explained that for the overhead amount shown in Code Specialities, she looked at the stats and did an allocation on the total dollar amount and then allocated the cost among the three cities based on percentage.

Administrator Anderson stated that they have received \$410,000 from Fairview for building inspections, and that Troutdale owes Fairview \$91,000 after the true-up; that allows nothing for Troutdale for their program reserves. Administrator Anderson indicated that if they true-up each year to zero, that does not give Troutdale any profit for their program. Councilor Cornelius commented that during Fairview's high growth years that Fairview carried the Troutdale Building Inspection Program. Councilor Trees stated that it appears as though Troutdale has overlapped several areas, plus they receive an additional 15% charge for overhead. Administrator Anderson responded that for the work done for Fairview, Troutdale is not making a profit.

Laura Zentner, Fairview Finance Director, commented that both cities need to determine what is justifiable for allocations. Administrator Wellman stated that Paragraph I needs to be further negotiated as the cost items Troutdale has included on their list is questionable.

Councilor Owen mentioned that he thought the intent of the agreement was to work with Troutdale, but the expenditures were way outside of reasonable wages and benefits; when Troutdale threw in a cost allocation for their future City Hall, they lost credibility.

Councilor Raze stated that Fairview has received, and continues to

receive, good service from Troutdale, but if Fairview decides to pull out of the contract, Troutdale will still have to pay their salaried staff.

Councilor Trees commented that Troutdale has indicated that Fairview pays for some of the administrative costs for their Community Development department, but Fairview has their own Community Development department and should not have to pay for the same services twice.

Councilor Owen stated that he thought a simplified formula was needed with different percentages.

Fairview Council asked the Finance Directors and City Administrators of the two cities to meet and go over the list of expenditures. Mayor Weatherby indicated that he would like to have Councilor Cornelius attend those meetings, and perhaps Troutdale would want a Council member present. Administrator Wellman commented that Troutdale will have to meet Fairview half-way on this so that we can continue the arrangement, if possible.

III. ADJOURNMENT

Mayor Weatherby adjourned the Work Session at 6:30pm.

Mayor Mike Weatherby

Dated:

Caren C. Huson Quiniones
City Recorder