

To: Board of Directors  
From: Superintendent  
Date: October 23, 2023  
Subject: Amended Board Packet

Pledge of Allegiance was added. I added pages 259A and 259B because it was left out of original information.

<jmcmaster@board.cprdnewberg.org>; Jason Fields <jfields@board.cprdnewberg.org>

Cc: Kat Ricker <kricker@cprdnewberg.org>

Subject: Re: Information as requested re: Tipping

Thank you for all your hard work on this. From your research is it safe to assume no other government entity takes tips or has a policy in place?

Thank you.

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From: Heidi Smith <hsmith@cprdnewberg.org>

Sent: Wednesday, October 4, 2023 12:50:40 PM

To: Don Clements <dclements@cprdnewberg.org>; Matthew Smith <msmith@board.cprdnewberg.org>; Lisa Rogers <lrogers@board.cprdnewberg.org>; Gayle Bizeau <gbizeau@board.cprdnewberg.org>; Jim McMaster <jmcmaster@board.cprdnewberg.org>; Jason Fields <jfields@board.cprdnewberg.org>

Cc: Kat Ricker <kricker@cprdnewberg.org>

Subject: Information as requested re: Tipping

Don and Board of Directors,

Employee Tipping Research update:

The Board granted 60 days , which will be prior to the next meeting in October.

I am at a "stuck" point, as the next steps may obligate costs to the District to complete the research as noted in "Next Steps".

- Enclosed you will find one response from the Oregon Ethics. In summary, if we move forward – it will need to become a part of the official compensation benefits package to not be a prohibited use of office.
- The District would then need to create a policy to have added to our employee handbook. Enclosed please find the response from HR Answers – the legal policy team we use through SDAO. Unlike most other businesses, we are a government entity and special care must be taken with our handbook to be in compliance with our Special District classification. The estimated time on their side is approximately 5 hours at the discounted rate of \$180 for an *estimated* cost of \$900. This does not include the internal cost of time working with them, implementation, collection all employee signatures and filing of proof of receipt of the handbook update.
  - HR Answers also suggests running it by the Oregon Ethics Board following the draft creations.

#### Next steps:

- It needs to be determined, since we receive our basic funding through public taxes – can we utilize tax funds toward the District employer liability payroll costs and non-payroll fees that a tip would create? To date, I have not been able to get a clear answer, and have been advised the District should obtain Legal advice and to have it include a clear determination that it is completely legal to do so. I do not know what the legal costs would entail to determine this, and refer this back to the Superintendent and Board to determine this and proceed if they choose.
- If it is then determined we have the green light to proceed from a legal standpoint, it is recommended to do a projected cost analysis on the increases in expense liabilities. Items to consider: credit card fees, increased workers comp fees, increased social security taxes, paid leave Oregon employer costs, and any and all other

259<sup>2</sup>A

known payroll taxes that are based upon the funds an employee receives. There are many more data points to gather before moving into this step to get a realistic estimate.

- If the determination is then to proceed – AFTER the policy is written, completed and approved - training with staff and managers will need to be created and gone over to avoid negative tax implications for the District and employees once a policy is created and approved. Training would include but not be limited to: a daily per shift procedure for each employee to report cash and credit card tips and to turn this information into their supervisor. Supervisor will track the data and turn it in for payroll processing – which may shorten the time employees and supervisors will have to prepare their timecard approvals to allow sufficient time for payroll to be completed with this added component. There will be additional reporting, tracking, and filing time. These are points to be considered in the cost analysis.



My working hours may not be the same as yours. Please don't feel obligated to reply outside of your normal hours.



Heidi Smith

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