

1 City of Yachats
2 **FINANCE COMMITTEE**

3
4 October 10, 2018

5
6 Draft Minutes
7

8 **I. Call to Order**

9 Chair Beaucaire called the October 10, 2018 meeting of the Finance Commission to
10 order at 10:00 am in Room 1 of the Yachats Commons. Members present: Shannon
11 Beaucaire, Jim Tooke, Don Groth, and John Moore. Absent: none. Staff present: Clerk
12 Judy Richter, Facilities Manager Heather Hoen, Water Plant Lead Rick McClung, and
13 Water Treatment Plant Lead Dave Buckwald. Audience: 4.
14

15 **II. Minutes**

16 **A. September 12, 2018**

17 Page 3, Line 21 – insert “actually” before “thought people would accept...”

18 Page 4: the person from Deane’s was Glen Aukstikalnis

19 Moore moved to approve the September 12, 2018 meeting minutes as amended: Aye –
20 4; No – 0.
21

22 **III. Reports**

23 **A. Updates & changes to CIP and Budget**

24 Richter explained the handouts in her packet, noting the summary sheet of CIPs and
25 the draft page of a supplemental budget identifying questions about the sources of the
26 funding.
27

28 1. Refund & impact of IT Grant money to donor: Richter noted the Scott refund
29 was entered as a \$15,000 expenditure in the City Hall fund. Beaucaire suggested they
30 might wait to see how much is needed before they transfer monies. Richter suggested
31 the website vendors might be willing to break up the cost of the new site over several
32 years without penalty. Richter noted the original amount in the Information Systems
33 Development was \$55,000 and went down to \$40,000 with the expense of the donation
34 refund. She noted they had spent \$3,381 on IT development already, resulting in a total
35 YTD expense of \$18,381. Moore clarified if they spread out the Civic Plus cost, they
36 could come in under budget.
37

38 Beaucaire indicated that coder Mark Clements was currently averaging \$1,500 per
39 month and he would continue to bill for his work to assist in the transition.
40

41 Richter noted the second 2018-19 column “Amended Capital Plan” should be labeled
42 “Additional Capital Plan.”

43 Richter asked the Committee to decide if they wanted to include the additional \$15,000
44 replacement in this year’s CIP. The Committee noted this decision does not need to be
45 made today. Groth noted they would need to adjust the CIP amount for 2019-20.
46

1 4. South gateway signs: Richter explained they budgeted at \$14,000 for last year
2 and that amount was put into Streets reserves when it was not spent. She noted the
3 funding was still in reserves. Moore noted the actual cost estimate was just over
4 \$8,000. Richter indicated she would leave the funding “as is” until they know the final
5 cost.

6
7 3. Update on roofing costs: Richter explained she and Hoen have been trying to
8 get the roofer to provide the necessary information to determine the cost. She reported
9 Hoen had spoken with the roofer, and they estimated the additional cost to be \$20,000.
10 Richter asked the Committee to determine where that \$20,000 should come from,
11 noting the Commons Reserves could be a source.

12
13 Tooke asked if Mayor Stanley had discussed the possibility of having the Friends
14 contribute to this fund. Mayor Stanley indicated the Friends had not made a decision
15 about this option.

16
17 Moore did not see any other option for a source of the funds other than Commons
18 reserves.

19
20 2. Funding to replace floors in commons: Beaucaire noted this issue was
21 important as there were liabilities should someone trip or fall. Hoen reported all of the
22 bids are around \$30,000 and that a contractor would be speaking to Parks and
23 Commons next week. She explained the flooring could be refinished once and would
24 have a ceramic finish. Hoen reported people have been complaining and one patron
25 was thinking about moving elsewhere if the floor was not finished by the end of the year.
26 Hoen did not know of the contractor’s availability for the installation, as the Council
27 would not be voting on the matter until November 2018.

28
29 Beaucaire reported Alsea Bay Granite refunded \$8,500. Richter noted the \$8,500 was
30 sitting in Commons rents.

31
32 Tooke clarified they were looking at moving \$43,500 from Commons reserves to cover
33 the roof and floor.

34
35 5. Hanley Culvert Paving: Richter explained this amount was to pave the street to
36 finish the Hanley Culvert Project. Buckwald indicated they would only need \$1,000
37 instead of \$2,000 listed. Leslie Vaaler reported there was a house being built in that
38 area and asked if they should delay the paving until the home construction was
39 complete. Buckwald noted there were some hazards with the current condition of the
40 road so paving was a priority. Moore clarified that if the amount was \$2,000, Buckwald
41 could use the money for other storm drain projects.

42
43 The Committee agreed to leave the Hanley Culvert paving line item at \$2,000.

44
45 6. Driftwood Water Line Paving: Richter explained the Driftwood Water Line was
46 funded last year, but it needed additional funding to complete it this year. Richter noted

1 the money was already in the Water reserves, so the amount would just be
2 reappropriated. Buckwald asked that the amount be increased from \$10,000 to
3 \$12,000. Richter indicated there was \$12,000 in reserves to cover that amount.
4

5 7. Completion of Crestview Sewer Line: Richter noted this project was scheduled
6 with the South Water Tank project to take advantage of the open trenches. The cost
7 was more than expected at \$170,000, and IFA would not provide loan funding for this
8 project, as it was sewer, not water. Richter indicated they could take the additional
9 \$20,000 from SDC funds.
10

11 8. Pole Building: Richter explained the original cost was not estimated using
12 prevailing wages, and the additional \$20,000 would cover the additional costs for paying
13 prevailing wages. Moore noted that \$50,000 was the amount that requires prevailing
14 wages, and he asked if they could do one pole building for \$40,000 this year and one
15 next year. Buckwald noted he hoped to have the building cost \$40,000. Buckwald
16 explained Public Works needed to keep the biosolids protected from rain to prevent the
17 solids from absorbing water and increasing in weight, resulting in additional costs.
18

19 Moore moved to delete \$15,000 from IT, to increase the Driftwood Water Line from
20 \$10,000 to \$12,000, and to approve the other changes as presented: Aye – 4; No – 0.
21

22 Tooke noted the total additions were \$120,000.
23

24 **B. Progress of PWD Capital Projects**

25 McClung explained Public Works needed to perform five years of deferred
26 maintenance. He stated they also have many items on the “to fix” list. He indicated they
27 decided to catch up on the deferred maintenance rather than to start the 3rd Street
28 waterline project. He noted that tying up his crew with CIP projects could prohibit them
29 from being able to maintain the millions of dollars of Public Works infrastructure. He
30 added that he was trying to put safety first.
31

32 McClung explained they normally try to log 1500 per year in capitalized hours. He
33 believed Buckwald and he would be accruing capitalized hours, but the rest of the crew
34 would not, meaning that labor costs for this year were higher.
35

36 Buckwald added that the building and safety inspections needed to be addressed after
37 the quarterly inspections. He noted this work could amount to four to eight weeks of
38 staff time. Buckwald noted they have managed to shrink the pile of “To Do’s” from
39 these inspections down to a quarter inch thick.
40

41 McClung noted they have 55 fire hydrants, and most of the ones along Ocean View
42 Drive need significant work. Public Works generally tries to maintain eight to ten per
43 year. He noted his crew could do the refurbishment in house, saving about \$500 per
44 hydrant compared to buying new ones. Richter clarified the hydrant refurbishment goes
45 into the Distribution Fund. Beaucaire handed out articles on the importance
46 maintenance for preserving property.

1
2 McClung noted the engineering for the 3rd Street project has been completed
3 Groth suggested they could add \$100,000 to the next fiscal year. Moore asked if
4 \$96,352 for this year would be sufficient. Richter clarified that deferred maintenance
5 was not a CIP and would need to come from operations. Richter indicated she would
6 monitor the current operations budget to see if another supplemental budget would be
7 needed. Moore clarified they would just transfer the current \$100,000 CIP from this year
8 to the 2019-20 CIP.

9 10 **C. Progress on the City Capital Projects**

11 Beaucaire noted the cost estimates for the Library ranged from the low \$600,000s to the
12 high \$700,000s. She noted the Council pledged \$200,000 to Evans/Betz, and there
13 was a request for funding for the Riggs property. Tooke noted they would first need an
14 appraisal at a cost of \$30,000-\$40,000. Tooke also mentioned the potential of \$25,000
15 allocated to the Mid-Coast Water Project. Tooke explained the first two years of a five-
16 year project were already funded, and the Mid-Coast Water Partnership planned to
17 acquire additional funding for the next two years. Tooke proposed up to \$25,000, only if
18 the State continued funding the water project for the next two years. He added there
19 would be a small cost for the Partnership meeting on October 30, 2018 in Commons,
20 which would be catered. Tooke emphasized the importance of tying together all of the
21 water systems in the county, noting some cities do not treat their water. Tooke
22 explained issues around combining water resources from municipal providers,
23 community supplies, and individual wells. Tooke clarified there was not an immediate
24 need to set aside funds for this project.

25
26 Manager Beaucaire noted they were still waiting on figures to repair the Little Log
27 Church.

28
29 Beaucaire asserted the City needed to maintain the 501 Building, regardless of how it
30 was used, noting there was no electricity to the building at present.

31
32 Beaucaire reported she contacted ODOT about a crosswalk by Fisterra. ODOT stated
33 a crosswalk would require a pedestrian refuge island on the highway and a flashing light
34 pedestrian crosswalk. Such a project would require that the highway be widened at a
35 minimum cost of \$150,000.

36
37 Beaucaire provided handouts on companies who have done studies on utility rates,
38 SDCs, policies, financial stability, and other revenue sources. She posited that such a
39 study could help address the financial sustainability of the City. She asked the
40 Committee to review the materials.

41
42 While numerous people suggest funding large projects with Visitors Amenities funds,
43 Beaucaire explained Visitors Amenities funds were very restricted. She noted there
44 were some questions about whether Evans/Betz meets the State requirements for using
45 Visitors Amenities. Moore recalled the park on the north side of Yachats River Road
46 would qualify for the Visitors Amenities, but he was not sure how much of the rest of

1 that parcel would qualify. Tooke recalled the State had suggested in the past that the
2 City take over some of the State Parks. Beaucaire noted the staff and budget issues
3 that might present.

4
5 Moore hoped to have more firm numbers on the Little Log Church and Library in the
6 next few months. He suggested the Committee needed to distinguish and prioritize
7 needs and wants. Tooke argued that needs should come first. Mayor Stanley indicated
8 the Council would be prioritizing goals later in October. Beaucaire noted there would be
9 another strategic planning meeting in January 2019 with the new Council.

10
11 Beaucaire reported Councilor Berdie asked that the Finance Committee provide an
12 update to the Council prior to their strategic planning meeting. Beaucaire reported that
13 she was instructed at the last Council meeting to provide this report. Mayor Stanley had
14 a different understanding of the request to Beaucaire. Beaucaire noted the direction
15 from Council was unclear.

16
17 Beaucaire reported there might be a request from Council to provide regular reports,
18 noting this request was not definitive. Moore asked that more specific guidance be
19 provided for what to report. Richter noted that Finance only addresses CIPs.

20
21 Mayor Stanley explained he had concerns about how Council would learn about the
22 work of Commissions. Moore noted the City Manager has been providing Commission
23 summaries to Council in her City Manager reports. Helen Anderson asked if Councilors
24 could read Commission minutes. Smith asserted the minutes were months behind and
25 suggested that each of the Commissions could provide written reports to Council.

26 27 **IV. New Business**

28 **A. Volunteer Applicant – Glen Aukstikalnis**

29 Groth stated he was happy to have Aukstikalnis at the last meeting and express his
30 interest in the Committee. Moore suggested Groth ask Aukstikalnis about working on
31 the Public Works and Streets Commission.

32
33 **Moore moved to appoint Glen Aukstikalnis to the Finance Committee: Aye – 4; No – 0.**

34 35 **C. Discussion to increase the Transient Lodging Tax percentage**

36 Moore handed out a document on what nearby jurisdictions charge for transient lodging
37 taxes. The Yachats total transient tax was currently at 10.8%, 9% of which goes to the
38 City. Moore noted lodging in the 97498 zip code that was not within City limits was at
39 11.8%. He reported the following rates:

40 Bandon: 7.8%	Newport: 11.3%
41 Canon Beach: 9.8%	Lincoln City: 11.3%
42 Florence: 10.8%	Seaside: 11.8%

43
44 Moore highlighted that the tax for someone staying at Deane's Oceanfront of the Silver
45 Surf would pay 1% more than what they would pay within the City. He suggested the
46 City could raise its rate to 11.8% without impacting any competitiveness in the area.

1
2 Moore explained the revenues from transient lodging taxes were \$1,037,658, which
3 translates to an additional \$115,000 if the transient lodging tax was raised by 1%. He
4 noted 70% of that would go to Visitors Amenities and 30% to operations.
5

6 Groth wanted to know the rate for Waldport.
7

8 Tooke moved to recommend to Council an increase in the transient lodging tax to 10%
9 based on consistency with other rates charged in the area: Aye – 4; No – 0.
10

11 **D. Discussion of membership of Finance Committee**

12 Beaucaire encouraged members to encourage others to apply to the Finance and
13 Budget Committees.
14

15 **V. Other Business**

16 **A. From the Committee**

17 Moore reported he learned from the League of Oregon Cities that the next increase for
18 PERS contributions would be 19-22%, which significantly impacts the operations
19 budget.
20

21 **B. From Staff - none**

22 **C. From the Floor - none** 23

24 Beaucaire adjourned the meeting at 11:52 am.
25
26
27

28
29 _____
30 Shannon Beaucaire, Chair
31

Minutes prepared by H.H. Anderson on November 12, 2018.