

City of Yachats
FINANCE COMMITTEE

December 13, 2017

Minutes

Chair Beaucaire called the December 13, 2017 meeting of the Finance Commission to order at 10:00 am in Room 1 of the Yachats Commons. Members present: Tom Lauritzen, Don Groth, John Moore. Absent: none. Staff present: City Manager Shannon Beaucaire, Mayor Gerald Stanley. Audience: 0.

Manager Beaucaire indicated there were no previous minutes.

I. Business

A. South Tank Project

Tom Lauritzen reviewed the meeting with Kevin Shreeve, Newport area manager with Civil West, Manager Beaucaire, and Matt Waddington (on phone). Lauritzen noted they have a not-to-exceed contract for \$160,000 for engineering on the South Tank project. Civil West has estimates of \$240,000 including amendments. Lauritzen and Manager Beaucaire came up with list of redundant charges in those amendments and decided to include higher management in the discussion, which is how Shreeve became involved. Manager Beaucaire reported Shreeve was new to this area.

Lauritzen believed Shreeve did not capture the issues accurately, noting Shreeve was focused on extra hours the engineers are spending. Manager Beaucaire, the attorney, and Lauritzen agrees it is a fixed contract that can only be changed with an amendment. He noted they cannot tell if credits were given for non-implemented work in the original plan. Lauritzen indicated Civil West was not currently willing to go back through their data on employee time cards and other records to report gross rather than net income/expenses.

Lauritzen believed Civil West will not back out of the contract over negotiations. Groth clarified Civil West added costs to the original plan rather than starting a new cost plan when the tank was moved. Manager Beaucaire noted Civil West claims they expended their engineering costs in the work on the first plan. Lauritzen added the City was instructed by Civil West to stop listening to the contractor regarding a poor quality of the engineering work.

Lauritzen recalled the pitch was the City would save money (\$200,000) when moving the tank to a new lot and eliminating the pump station. However, that change is actually costing additional money. They will not incur the long-term of having to maintain a pump station.

Manager Beaucaire noted the City recently learned subcontractors are not been being paid. Lauritzen reported Civil West assumed control of interactions with IFA on City's

1 behalf and are charging \$130 per hour to do paperwork. The City would prefer to work
2 directly with IFA.

3
4 Regarding the incremental costs of moving the tank on site B, Lauritzen reported
5 Waddington is asserting Civil West could have built the tank on the original plans for the
6 current site B, but moved the tank location because the City wanted to address resident
7 complaints. Helen Anderson disagreed, asserting the change was made because of a
8 survey mistake, which was identified when contractors began removing trees and
9 boulders. Moore and Lauritzen had similar recollections to Anderson. The Committee
10 recalled their memories of what Waddington previously stated about what caused
11 changes in the placement of tank on Site B. Lauritzen and Beaucaire agreed
12 Waddington stated at the last meeting that the tank could have been built as originally
13 planned

14
15 Manager Beaucaire expressed concerned about small additions to cost for work such
16 as contracting a third party to test the psi of the soil nails (\$1,500 each).

17
18 Lauritzen asked the Committee if the City should sell the original lot they purchased.
19 Groth suggested the lot could be used for land protection and erosion control.

20
21 The Committee discussed the need to amend the \$1.4 CIP for this project, noting the
22 following costs exceed that \$1.4 million:

- 23 1. \$1,100,000 Clackamas Tank
- 24 2. \$248,000 Civil West (engineering)
- 25 3. \$160,000 first lot site A
- 26 4. \$130,000 second lot site B

27
28 Lauritzen asked for feedback on capturing ten cents per dollar for the amendments.
29 Moore asked about the debt structure consequences of increasing the loan. Lauritzen
30 noted the new auditors have asked Judy Richter to change some categories. Manager
31 Beaucaire noted there will be more changes based on what she and Richter learned at
32 a recent budget training. Groth noted the new federal tax law changes might impact
33 financing. Lauritzen noted there is not much in the City's budget that comes from the
34 State.

35
36 Lauritzen suggested site A could be used for long-term water purposes, such as
37 housing a pump station to pump to additional tanks above the new tank. He also noted
38 there is square footage on Site B that is not being utilized.

39 40 **B. Highway 101 Project**

41 Lauritzen explained the original thinking that all revenue from ODOT would have been
42 collected in 2016-17 and \$622,000 of expenses would remain for 2017-18. Instead,
43 they now expect the following income for 2017-18:

- 44 \$385,000 - ODOT as remainder of \$1.385 grant
- 45 \$120,000 - ODOT as reimbursements on curb/sidewalk ADA changes

1 Of the \$500,000 anticipated expenses for 2017-18, they have paid \$631,356 to Pac Ex
2 and \$35,000 Reese & Associates.

3
4 Lauritzen indicated street furniture and landscaping remain as potential expenses. The
5 Committee was unsure of the status of these activities. Stanley thought the plan was to
6 put in perennials in the fall.

7
8 Lauritzen summarized the cash carry forward for this year is \$400,000 less than
9 expected (they received only \$1 million of the \$1.385 promised by ODOT) which was
10 offset some by expending less to Pac Ex.

11
12 Groth clarified last column for 2017-18 CIP on the 101 summary sheet would indicate
13 credits reflecting the additional grants. Lauritzen stated the 500 in that column would
14 become 670, and there would be an additional revenue line of 500. Lauritzen noted
15 these changes would mean cash costs of \$170,000 and whatever is spent on street
16 furniture and landscaping.

17
18 The Committee was not aware of plans around street furniture. Mayor Stanley believed
19 plans for street furniture involved funding from sources other than this project. Manager
20 Beaucaire asked plans for improving sidewalk step-offs in front of Commons. Lauritzen
21 noted Parks and Commons has budgeted capital to work on issues like the step-off
22 issue. Moore indicated he would put the item on the Parks and Commons agenda for
23 December 2017.

24
25 Lauritzen summarized the beginning cash balance will be lower but the cash impact in
26 2017-18 will be less. Both of these issues will require an amendment to the budget.

27
28 Groth asked if future changes to curbs would be part of this CIP or part of maintenance.
29 Moore noted the curbs at W 2nd and 3rd Streets will eventually wear down to a lower
30 curb because of traffic going over them and will require maintenance.

31 32 **II. Review Capital Plan**

33 **A. Sewer**

34 The Committee noted the backhoe and dump truck had been purchased. They were
35 not certain of the status of the towable spreader. Manager Beaucaire noted a bucket
36 truck was purchased with salvaged vehicle money. Lauritzen advised that the City will
37 need to amend the plan to add credit for the salvage and cost line for the bucket truck.
38 Lauritzen reported capitalization requirement for the City is \$5,000, so any purchase
39 greater than \$5,000 needs to be in the CIP.

40 41 **B. Water**

42 Moore indicated the updating of the Water Master Plan would not likely be completed in
43 2017-18 (\$20,000 allocated). The Committee believed the Driftwood Waterline was
44 completed. It was originally planned to do the work in house, but it got outsourced to
45 another contractor.

1 | Lauritzen explained 1.5 to 2 FTEs should be charged to capital projects to minimize the
2 | operational costs of Public Works. Lauritzen discussed situations where plans were
3 | made to have work done in house but ended up being contracted out. Lauritzen stated
4 | the water line was supposed to be done by City Staff with labor charged to capital
5 | projects. McClung and former Mayor Brean agreed to have the work done for \$170,000
6 | by a contractor. He also noted waterline work on E 3rd and 4th Streets was to be
7 | completed when the ground was open for 101 Project. This work was outsourced to
8 | Pac Ex for \$60,000.

10 | Lauritzen emphasized the City needs to focus on utilizing Public Works for capital
11 | projects or re-evaluate the Water and Sewer rates so that Public Works budgets work
12 | as planned. He noted when he and Richter analyzed time cards for Public Works, they
13 | discovered the general fund was supporting water and sewer, yet 88% of Public Works
14 | time went to Public Works work. Moore noted this situation has been fixed. Lauritzen
15 | noted Public Works did install a new waterline along 4th St to replace a currently leaky
16 | line, but hookups have never been made to the new line. Groth suggested the City
17 | needs to be clearer on what is expected of Public Works on CIP projects.

19 | Lauritzen concluded they needed to determine what the allocated \$95,000 for Driftwood
20 | was for.

22 | **C. Visitor Amenities**

23 | Lauritzen asked about the status of the south gateway sign. Mayor Stanley was not
24 | aware there was Council support for getting this project completed. Lauritzen had
25 | understood the \$200,000 allocated for parking might be applied as a match on the
26 | Evan/Betz project. Mayor Stanley was not supportive of that suggestion. Moore
27 | suggested the \$200,000 allocated for new parking could be applied to upgrades on the
28 | ballfield to be a parking-sports area.

30 | **D. Information Systems Development**

31 | Manager Beaucaire indicated she is developing a long-term plan for IT. She has Oregon
32 | Cascades West and the IT Director from Lincoln City researching the topic.

34 | **E. Little Log Church**

35 | Moore noted the replacement of the south wall would require more than the \$30,000
36 | allocated.

38 | **F. Commons**

39 | Moore noted the Finance Committee agreed to allocate \$60,000 for public restrooms at
40 | their last meeting in 2018-19. Moore did not know if this would fall under the Commons
41 | or Visitors Amenities. Lauritzen suggested it could be split 75:25%.

43 | Manager Beaucaire asked for clarification on items related to the Commons Master
44 | Plan. Lauritzen noted these allocations keep being bumped to the next fiscal year.
45 | Moore suggested Parks and Commons revisit implementation of the Commons Master
46 | Plan. Mayor Stanley strongly urged to Parks and Commons to complete some parts,

1 especially the entry portal on the north side. He also noted the west portal needs to link
2 to the 804 Trail.

3
4 Manager Beaucaire suggested consulting with Mark Shepherd for planning parking and
5 layout as he has worked in that field in Albuquerque.

6
7 **Storm Drains** – no updates

8
9 **Street Paving**

10 Moore clarified the paving on side streets will be done at one time in the spring. Need
11 to go out for bid. Lauritzen noted paving has historically been done in the fall, but 101
12 construction and cash flow prevented work this fall. Manager Beaucaire indicated she
13 would have meeting with Rick and Dave on paving.

14
15 **IV. Other Business**

16 **A. From the Committee**

17 Moore reported the Emergency Planning Committee wants to add another conex
18 emergency supply container. He noted the cost of container is around \$4,000.
19 Lauritzen added there are costs for the dehumidifier and electricity. Lauritzen noted
20 there is \$5,000 in the budget for 2017-18.

21
22 Groth stated the Emergency Operation Plan needs updating to be compliant with
23 FEMA, and cost estimates are \$16,000-21,000. Lincoln County Emergency Planner
24 Jenny Demaris will be discussing FEMA rules at her January 4, 2018 workshop. Groth
25 indicated it would take eight months to complete and needs to be done by the end of
26 2018. The Committee was not certain of which fiscal year this money would fall under.

27
28 Lauritzen indicated he has historically put together a chart of stakeholders and when
29 they should come to Finance Committee to request their funding. Manager Beaucaire
30 asked this be continued for 2018. Lauritzen emphasized the Finance Committee's
31 purpose is to figure out how to do what Commissions want, not whether or not they
32 should do it.

33
34 The Committee discussed getting additional members. Committee members were not
35 certain whether members had to be appointed by the City Council. The Committee
36 recommended that Don Groth be reappointed to Finance Committee.

37
38 **B. From the Staff - none**

39
40 **C. From the Floor**

41 Mayor Stanley stated he wants to restore the importance of the Commissions.
42 Lauritzen noted the second phase of the organizational structure analysis still needs
43 addressing.

44
45 Lauritzen noted Dave Buckwald is looking for DEQ grants to cover removal of septic
46 tanks.

1
2 With no further business before the Committee, Beaucaire adjourned meeting at 12:02
3 pm.
4
5
6

7
8 _____
9 Shannon Beaucaire, Chair
10

11
12 Minutes prepared by H.H. Anderson on December 18, 2017.

DRAFT