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City of Yachats
FINANCE COMMITTEE

November 14, 2018

Draft Minutes

I. Call to Order

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

Beaucaire welcomed new member Glen Aukstikalnis.

II. Minutes

A. October 10, 2018

Moore moved to approve the October 10, 2018 meeting minutes as amended: Aye – 4; No – 0; Abstain – 1 (Aukstikalnis not present).

III. Reports

B. Update of Transient Lodging Tax

Moore reviewed the discussion with Council on raising the Yachats transient rental tax from 9 to 10% to make it equal to the taxes charged in the surrounding area. He noted the Council recommended the increase and there would be a public meeting on the matter in January 2019.

C. Resolution on Finance Committee Membership

Beaucaire reported she presented Council with a resolution to add a representative from each of the Commissions on the Finance Committee. She noted Council asked to specifically state citizen membership as part of the makeup. Beaucaire indicated the revised resolution would go back to Council in November 2018.

Leslie Vaaler asked about whether members have to reside within the City limits. Beaucaire indicated the Code does not stipulate a residency requirement for committees.

Groth asked if a given person could represent multiple committees and commissions. Beaucaire suggested that as long as there was a liaison with the Commissions, the intent of the regulation would be satisfied.

A. Updates – Supplemental Budget Request to Council on 11/14/18

Richter explained her handouts on CIPs and the supplemental budget resolution, She noted the numbers slightly changed due to increased supply costs (now \$34,000 for the floors) and less than anticipated for the prevailing wages on the roof project.

1 Tooke clarified that the floor project went to several companies for bid and Parks and
2 Commons selected a vendor.
3
4 Groth asked McClung about his need for additional money for the Water Master Plan,
5 noting there was \$85,000 currently in the budget. McClung explained the conservation
6 and curtailment portion was slightly more than originally projected. He noted Public
7 Works was applying for a \$20,000 grant. Richter suggested they could see how long
8 that the existing funding amount covers, noting they would need to do a supplemental
9 budget to accept the revenues if the grant was awarded.
10
11 Richter explained the first two pages were summaries with beginning balances. She
12 noted the “% Received” was the percent of what was budgeted. Richter explained that
13 some items were at 100% because they represented transfers. The third page
14 summarized the budgeted and actual amounts of labor costs. The fourth page was the
15 City of Yachats long-term debt. She highlighted that two of the loans were refinanced to
16 lower interest rates. She added that the South Tank was complete, with IFA to sign off
17 on the completion. Richter stated the last page was a summary of taxes and
18 commented that the numbers reflect what had been received, not necessarily what had
19 been assessed.
20
21 Moore suggested including the refinanced rate on the loan information. Moore clarified
22 the servicing fees on the loans were fixed.
23
24 Mayor Stanley asserted the Council would be evaluating the format and content of the
25 report more than questioning the financial information. He asked Richter how much
26 time was required to update these reports. Richter explained several reports do not
27 change much between quarters.
28
29 Groth clarified the City would be getting a schedule of forgiveness on the South Tank
30 loan. Richter added that she does not yet have the payment schedule but expected to
31 make a payment in December 2018.
32
33 Richter added that Council had asked for a summary of fund transfers, and she was
34 working on how to present that information.
35
36 McClung believed the report was excellent report and would be very useful to Public
37 Works.
38
39 Beaucaire asked for a summary of the CIPs. Richter noted the numbers had not
40 changed since the last report. Richter explained the numbers reflect the supplemental
41 budget without the most recent adjustments for the prevailing wage and floor.
42
43 Beaucaire asked if the auditors had questions or issues about reserves. Richter stated
44 she had not talked to the auditors about reserve levels or contributions. She recalled
45 Tom Lauritzen had indicated that the debt reserves should be at \$500,000 for one of the
46 loans. She added that Washington Federal was holding an amount of reserves (Fund

1 155) for their loan, at approximately one year of payments. She explained the
2 difference between capital reserve funds and restricted reserves. Richter wanted to
3 have some a contingency fund in reserves. Moore noted the City needed to increase
4 the contingency funds in the general budget. Beaucaire noted that, in an emergency,
5 FEMA could take eighteen months to cover losses, and the City would need to front that
6 money.
7

8 Beaucaire noted reserves were discussed differently at the state budget meetings,
9 where “savings accounts” were not considered. She suggested the City needed to
10 determine how to create this fund within its budget. Beaucaire noted, in addition to
11 unallocated funds, the State only considers three types of reserves: CIP reserves,
12 restricted reserves (for debt), and reserves for saving for a specific projects. Beaucaire
13 noted they needed to determine how to represent savings in their budget and to ensure
14 the approach would comply with state regulations. Richter added it might require
15 Council approval to create another fund.
16

17 **III. New Business**

18 **A. Minimum reserves and reserve generation**

19 Moore asked where water and sewer reserves stood relative to where they were prior to
20 the 101 Project. Richter did not have the numbers, but speculated that the reserves
21 were not up to the former levels. McClung thought water and sewer were each at
22 \$600,000 before the highway project. The Committee noted reserves were used to buy
23 the 501 Building.
24

25 Beaucaire recalled she passed out information on utility rate and financial planning
26 consultants at the last meeting. She indicated she talked to the Public Works and
27 Streets Commission Chair to discuss the status of CIPs. She suggested that the City
28 bring in someone to evaluate that the water and sewer rate structure was appropriate
29 and sufficient for Yachats’ needs.
30

31 McClung talked to the Public Works Director from Toledo who is working with the
32 Oregon Association of Water Utilities to evaluate their water rates. McClung reported he
33 heard from two different public works directors that it was better to use a third party to
34 do this evaluation.
35

36 Richter clarified that water rates were not currently part of the Water Master Plan.
37

38 Moore asked if high users and low users were charged the same rate per unit. McClung
39 speculated it was and explained they needed a trigger mechanism to determine when a
40 customer becomes a high user. Beaucaire noted some cities have a different
41 commercial rate. She noted vacation rentals use more water than normal households.
42

43 Beaucaire asserted the goals of the a water study would be to assess reserves, explore
44 reserves generation, ensure planning for the future, ensuring ways to pay for
45 maintenance, and developing creative mechanisms for dealing with special situations

1 such as vacation rental users. Beaucaire hypothesized that there was a small number of
2 residents in the off-season funding the whole water and sewer systems.

3
4 McClung noted there was a two-unit minimum on vacation rentals. Jackson reported
5 there were five or six new high users since the last evaluation was done.

6
7 Tooke stated he recently attended Mid-Coast Water Partnership where he learned there
8 were philanthropic organizations that supported water projects. He indicated he would
9 further investigate these resources.

10
11 Mayor Stanley had concern about the impression among citizens about using a third
12 party reviewer. Beaucaire stated she had heard the opposite view in that it would be a
13 conflict to have people set rates when they are affected by those rates. Moore added
14 that if they went with a step system, the current base rate for low users would not
15 change or, perhaps, decrease.

16
17 Moore suggested Beaucaire proceed with getting cost estimates for a consultant.

18
19 **B. From Staff**

20 Richter asked about a resolution regarding the Finance Committee. Beaucaire had
21 found resolution from 2007 to use as a first step. Beaucaire explained the plan was to
22 merge the Finance Committee and the CIP Subcommittee. Stanley noted they would
23 need an ordinance to update the code.

24
25 Groth noted the Finance Committee did more than just CIP planning, such as
26 recommending supplemental budgets. Richter noted the Budget Committee was
27 required by law. Groth noted the Budget Committee met once per year, and the
28 Finance Committee would oversee the budget between the annual budget meetings.

29
30 **C. From the Floor - none**

31
32 Beaucaire adjourned the meeting at 11:20 am.

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37 _____
38 Shannon Beaucaire, Chair

39 Minutes prepared by H.H. Anderson on December 11, 2018.