



**BUDGET HEARING
CITY OF YACHATS**
May 21, 2020

Draft Minutes

I. Call to Order

City Beaucaire called the May 21, 2020 regular meetings of the Budget Committee to order at 10:05 am in Room 1 of the Yachats Commons. Members present: W. John Moore, Jim Tooke, Max Glenn, Mary Ellen O’Shaughnessey, Leslie Vaaler, Don Groth, Lance Bloch, John Purcell, Dawn Keller, and Brad Webb. Absent: none. Staff present: City Manager Shannon Beaucaire, Deputy Recorder Kimmie Jackson, Wastewater Plant Lead Dave Buckwald and Water Plant Lead Rick McClung. Audience: 8.

II. Election of Chair

Glenn moved to elect John Moore as Chair of the Budget Committee: Aye – 10; No – 0.

III. Approval of Minutes

Vaaler indicated she would send minor corrections to Helen Anderson.

Vaaler moved to approve the May 15, 2019 budget hearing minutes as amended: Aye – 10; No – 0.

IV. Public Comment - none

V. Public Hearing – State Revenue Sharing

Moore opened the public hearing on State Revenue Sharing at 10:07 am.

Moore explained the City is required by law to have a public hearing to be eligible to participate in state revenue sharing.

There was no public testimony.

Glenn moved to accept the state revenue sharing: Aye -10; No – 0.

Moore closed the hearing at 10:10 am.

VI. Public Hearing – City of Yachats Budget

Moore opened the City of Yachats Budget Hearing at 10:10 am.

A. Debt Service

Webb asked for clarification on the flow numbers. Beaucaire indicated she and the finance people from the Council of Governments (COG) were in the process of consolidating to get the

1 flow numbers to agree. Webb noted the summary description was not equal to details in the
2 document. Beaucaire explained the numbers in her document.

3
4 Tom Lauritzen asked that there be some notation of the loan forgiveness amount to increase
5 transparency (page 25). Groth clarified the original loan was \$1.7 million and with the
6 forgiveness the actual amount due is \$1.030 million.

7
8 **Webb moved to approve the debt service section as presented:** discussion

9
10 Groth suggested that the transfer section be expanded.

11
12 **Call for vote: Aye – 10: No – 0.**

13 14 **B. Public Works Operating and Capital**

15 16 Streets

17 Webb noted fuel prices were significantly down. McClung stated the impact of that decrease
18 had not yet shown up in material costs, and he expected to see the impact shortly.

19
20 Vaaler noted \$50,000 was from the state highway tax. She suggested that this tax would likely
21 decrease this year. Beaucaire stated the state had not yet provided a revised estimate. Vaaler
22 suggested they take a more conservative estimate at this time. Beaucaire noted any cuts to
23 revenue must be reflected in a corresponding decrease in expenditures. Webb agreed with
24 Vaaler that this estimate should be more conservative.

25
26 The amount of mowing showed an increase of 35%. Beaucaire indicated she got an estimate
27 from the mower. Buckwald noted this amount also includes tree removal.

28
29 Vaaler asked about street lighting and whether some of this could be reduced while still
30 maintaining safety. Beaucaire indicated this would be a discussion for Council. Beaucaire and
31 Moore discussed conversion to LED lighting.

32
33 Groth asked what the \$38,000 in labor included. Buckwald indicated that amount included tree
34 removal, pot hole filling, and any other work on streets.

35
36 Groth suggested keeping the \$50,000 estimate and having a supplemental budget to make a
37 transfer in should the revenues be lower.

38
39 **The Committee agreed this fund was satisfactory as presented.**

40 41 Storm Drains

42
43 Vaaler asked why the allocation of labor increased. Beaucaire explained she increased labor
44 15% across all funds except streets. She noted this increase includes contracted costs, cost of
45 living increases, step increases, and possible hiring. Vaaler asked that any new hires be
46 approved by Council. Webb suggested that hiring at this time should absolutely not be done.
47 Beaucaire noted hiring would only be done as is economically allowed.

48
49 Webb asked why there was \$30,000 allocated for labor when there were no line items.
50 Buckwald indicated that the work was maintenance and not part of capital expenses.

1 Groth asked if it was possible to merge streets and drains. Beaucaire indicated this would be a
2 future discussion. Webb noted that previously there was no budget at all for storm drains and
3 they decided they needed to have this category so it was part of ongoing planning on
4 maintenance. McClung added that there were SDC charges specifically for storm drains and he
5 thought it was good to separate the two.
6

7 **The Committee agreed this fund was satisfactory as presented.**
8

9 Water Operating

10 Groth noted there was excess revenues going forward and suggested that excesses be
11 transferred to capital projects.
12

13 Webb and Vaaler stated that they did not agree with any increases to water revenues. Vaaler
14 wanted to be more conservative. McClung stated 67% of revenue comes from water base rates
15 and that will remain consistent. He predicted they would sell about 25% less water and that is
16 why he suggested they not transfer the \$100,000 to capital.
17

18 Anderson reviewed the Public Works and Streets Commission analysis of April 2020 revenues
19 and where they concluded residential use was up and large user use was down, but this
20 decrease was not as significant as might be expected.
21

22 The Committee discussed possible scenarios. Beaucaire suggested they could use the zero-
23 balance going forward approach next year if there were in a similar situation.
24

25 Groth explained the auditor conversion to cash/contingency funds line.
26

27 McClung explained the \$40,000 contract expense was for testing, calibrations, and engineering
28 not related to a CIP project. Webb asked about main plant outside services. Buckwald
29 explained this was for lab testing and equipment calibrations which were requirements by OHA.
30

31 Bloch asked if action was needed to use the \$83,000 going forward to cover lower revenues.
32 Beaucaire noted they could do a budget transfer resolution to make the adjustment at the end of
33 the fiscal year.
34

35 Vaaler clarified there would be no practical difference in reducing revenues to \$550,000 with
36 \$33,000 in residuals as that would convey a better public image.
37

38 Moore took a straw poll on reducing the revenues to \$550,000 and the net residual by \$50,000:
39 No (4): Purcell, Tooke, Moore, Glenn
40 Yes (6): Keller, Groth, Bloch, O'Shaughnessey, Vaaler, Webb
41

42 Moore took a straw poll on moving \$33,125 to the contingency fund:
43

43 No (1): Purcell

44 Yes (9): Keller, Groth, Bloch, O'Shaughnessey, Vaaler, Webb, Tooke, Moore, Glenn
45

46 **The Committee agreed to change this fund to reflect \$50,000 reduction in revenues to \$550,000
47 and to move \$33,125 to the contingency to make that \$93,125 with a zero balance going
48 forward.**
49

50 Wastewater

1 Purcell asked for clarification on the \$20,000 for outside services. Buckwald indicated this
2 money was for rebuilding pumps.
3

4 Vaaler asked about the personnel costs, noting the estimated actual was \$255,000 and
5 \$345,000 was allocated for this year. Webb noted this was \$95,000 increase.
6

7 Buckwald noted \$288,000 from FY18-19 went up to \$340,000 to include training of an additional
8 operator. Webb was ok with that but still does not understand the increase for this budget.
9 Vaaler noted this reflects a \$95,000 increase due to how it is allocated. She asked where there
10 was a corresponding decrease in \$95,000 in the budget. Beaucaire noted there were two
11 factors: allocations and increases. McClung stated its impossible to forecast were extra labor
12 was needed and the budgeted amounts were based on a work plan.
13

14 Groth noted the \$345,000 was assuming a \$300,000 base amount with a 15% increase.
15

16 Groth asked to move the \$94,779 going forward to wastewater capital reserves.
17

18 Webb was not in favor of a 15% increase of labor. Vaaler agreed that the \$345,000 was
19 increased too much.
20

21 Vaaler clarified that education and training was required for certifications.
22

23 A member asked why water has so much more than wastewater in cell phone costs. McClung
24 reported he had both a cell phone and an iPad that links to the SCADA system. Vaaler asked
25 Beaucaire if she has looked into reducing this line item cost.
26

27 **The Committee agreed to decrease revenues by \$50,000 to \$525,000 and to move the \$94,770**
28 **going forward balance to capital reserves.**
29

30 Streets Capital

31 Groth asked about the transfers with Visitor Amenities where there was an accumulated
32 unspent balance of \$331,000. Beaucaire stated that was for the Ocean View Drive and
33 Driftwood projects.
34

35 Groth clarified that the \$200,000 for parking would be discussed with other Commissions and
36 Council. Webb stated \$200,000 of the \$264,000 transferred in FY17-18 was for purchase of the
37 501 Building. Lauritzen stated \$200,000 was applied to the 501 for parking portion and
38 \$200,000 was allocated to streets to purchase additional parking. He added that \$200,000 has
39 not been spent and should still be in the reserves. Moore indicated some of these reserves
40 could be added to the Driftwood project.
41

42 Webb suggested that in the name of transparency that a portion of the Driftwood project indicate
43 that some of the funding is coming from this \$200,000 allocation for parking that comes from
44 Visitor Amenities. Vaaler agreed this issue was important to highlight. The Committee
45 discussed ways to account for the source for these funds
46

47 **The Committee agreed the budget was satisfactory as presented. Vaaler noted that a note**
48 **would be made for the Visitor Amenity allocation.**
49

1 Webb asked how much of the Driftwood project would be allocated for parking. Moore stated
2 33% or \$55,000 of the Driftwood project was allocated for parking to be paid with Visitor
3 Amenity funds. Webb suggested they have an amount per spot.

4 5 Storm Drains Capital

6 Groth clarified with Webb that Storm Drains and Streets still need to be separated in the capital
7 reserves.

8
9 The Committee discussed the importance of maintaining reserves in Storm Drains.

10 11 Water Capital Reserves

12 Moore noted there were three capital projects:

- 13 1. \$35,000 for Horizon Hill
- 14 2. \$100,000 for Streets
- 15 3. \$50,000 for Ocean View Drive

16
17 Groth suggested a transfer in from General Fund reserves of \$234,238 to cover the repayment
18 of the Water reserves, as he recalled money was borrowed from water reserves to pay for the
19 501 Building. Beaucaire asked that this be considered in FY21-22 due to the issues around
20 COVID-19 and the need to support the community. Groth asked that this issue be put into the
21 5-year plan.

22
23 Tooke Purcell asked members to better identify what pages and tables they are referring to.

24
25 Webb suggested adding a footnote or table at the bottom for Water Reserves Fund 660-1705
26 that notates this amount was related to the 501 Building loan from the fund. Webb noted this
27 means they are understating their reserves by \$234,238. Tooke noted this amount was not
28 currently reflected in the current budget documents.

29
30 Vaaler asked if they were going to use a 2-step process to move funds from Urban Renewal.
31 Beaucaire indicated she has a note to do this. Lauritzen stated this \$150,000 was a loan
32 repayment and should not be reflected as revenues. Webb clarified they would change the line
33 for "Revenue in Urban Renewal" to "Loan Repayment."

34
35 **The Committee agreed to make the following changes:**

- 36 1. **Make the \$70,000 transfer in from the URD fund and not from the SDC fund (earthquake**
37 **valve)**
- 38 2. **Wait until FY22 to transfer \$234,230 to repay the loan taken from this fund to purchase**
39 **the 501 Building and to note this on the page for fund 660-1705**
- 40 3. **Change the \$150,000 transfer of "Revenue in Urban Renewal" to indicate "Loan**
41 **Repayment."**

42 43 Waste Water Capital Reserves

44 Webb asked for clarification on the personnel allocations on page 65. Beaucaire stated that the
45 labor charged to projects was estimated at 15% of the total projects outlay.

46
47 The waste water capital projects included:

- 48 • \$30,000 I&I Basin Rehab
- 49 • \$80,000 Pole Building
- 50 • \$10,000 Utility Rate Study
- 51 • \$90,000 Waste Water Master Plan

- 1 • \$30,000 Submersible Pumps
- 2 • \$100,000 Plant VFD
- 3 • \$5,000 Tanks Screen
- 4 • \$20,000 Sampler Test Container
- 5 • \$90,000 Vac Truck

6
7 Purcell noted for the sliding doors for the UV building the description on Page 64 indicates
8 \$15,000 and on sheet distributed it was for \$10,000. He asked if this project should be a capital
9 project. Buckwald estimated the cost would be \$10,000. Beaucaire noted she needed to revise
10 page in the budget document. Beaucaire noted the project was already in process so it should
11 not be in FY20-21.

12
13 Vaaler asked for clarification on the need for a labor charge to purchase a vac truck. Buckwald
14 indicated the purchase takes staff time.

15
16 O'Shaughnessey moved to approve the Public Works operating and capital projects as revised:
17 Aye – 10; No – 0.

18
19 Moore adjourned the meeting at 3:59 pm.

20
21 ATTEST:

22
23
24 _____
25 W. John Moore, Chair

26
27 _____
28 Shannon Beaucaire

_____ Date