



**BUDGET HEARING
CITY OF YACHATS
May 28, 2020**

Draft Minutes

I. Call to Order

City Manager Beaucaire called the May 28, 2020 regular meetings of the Budget Committee to order at 9:00 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. Public Comment - none

III. Public Hearing – City of Yachats Budget

Moore opened the City of Yachats Budget Hearing at 9:00 am.

A. Continuation of FY21 City Budget

General Construction

Beaucaire explained the General Construction fund was a cleanup from the Highway 101 Project. The proposal is to move to \$2,951.15 of the remaining balance to streets capital and \$210,353.77 to water capital.

All members approved this fund as presented.

SDC Administration

Beaucaire noted that \$70,000 to capital reserves was now taken from URD as decided in the previous meeting. Groth noted that there was a lot of construction going on and they would likely see continued income for SDCs. Keller hoped they were conservative enough. Beaucaire noted the reserve for future years would be \$570,000.

All members approved of this proposed fund with the noted changes.

City Hall

Beaucaire noted the major contribution to City Hall was transient lodging tax. She explained she calculated an average of last three years of tax income and took 50% of

1 that. Taxes from tobacco state revenue sharing were expected to decrease . Marijuana
2 and liquor were expected to increase.

3
4 Groth suggested dropping the interest earned line to \$5,000 per month or \$60,000 for
5 the year (down from \$78,000). Webb asked for information on income for the most
6 recent months in these categories. Bloch clarified that the proposal meant that the
7 reserve for future years would drop by \$18,000.

8
9 Purcell asked for clarification on professional, IGA, services line. Beaucaire explained
10 this line included the costs for all service contracts.

11
12 She stated the budgeted amount was currently at \$173,000 and the proposed at
13 \$190,000. Beaucaire stated the increase includes increases in cleaning costs due to
14 COVID. Purcell clarified that no one contract was increased by more than 10%.

15
16 Webb wanted to separate out the joint fund for this as it was such a large amount
17 compared to other items. He believed that some of the components should be
18 separated out. He noted the significant increases over the past few years. He also
19 noted a 25% increase in auditor expenses, a 33% increase in legal expenses, additional
20 software costs, the need for a maintenance plan to justify the \$18,000, and the
21 additional monies for advertising.

22
23 Beaucaire noted that advertising has gone up because of additional mailings and legal
24 advertising and postings. She explained the building and land maintenance cost was
25 based on a standard per square foot. She suggested legal costs were rising due to
26 more review of vacation rental restrictions and RFP reviews. Auditor costs were
27 consistent and split among three funds. Beaucaire added that the software costs were
28 based on three years so the next year should decrease.

29
30 Webb suggested that the maintenance costs should be in the building and land
31 maintenance lines and not under contracted services. Beaucaire stated there was a
32 decision to put contract costs together. Webb noted they created this 3.5%
33 maintenance cost based on national group, but they were not allocating expenses to
34 that to specific items or areas based on that. He asked if there was a plan in place.
35 Beaucaire stated the Facilities Manager was developing a plan.

36
37 Vaaler asked about the increase in property tax revenues as some people might not
38 meet their tax payments in this economic downturn. Beaucaire explained they used
39 data from Lincoln County which had not yet shown a decrease. Vaaler asked if the
40 estimated actual was a best estimate of what they will have at the end of the fiscal year.
41 Beaucaire explained the process of generating the estimated actuals as a way to
42 estimate how much they would have at the end of the year.

43
44 Vaaler asked why the franchise income for electricity increased. Beaucaire stated she
45 probably underestimated the estimated actual of the \$37,000 rather than overestimated
46 the proposed \$40,000.

1
2 Vaaler had a tremendous concern about increase in labor beyond what is mandated by
3 union contracts. She noted increases both in labor and allocated labor throughout the
4 budget. Beaucaire noted allocated labor was estimated at a 15% increase. She also
5 noted she was proposing adding a few position if economy allowed. Beaucaire noted
6 many of these costs were for required services.
7
8 Vaaler stated the allocated labor increased from \$656,200 to \$897,500, an increase of
9 \$241,300 above the estimated actual. She noted the considerable increase for contract
10 labor.
11
12 O'Shaughnessey asked what the criteria were for, "if the economy allows" for hiring.
13 Beaucaire stated the Plan Ahead team was using a metric of watching water production,
14 and quarterly taxes of food and beverage and transient lodging taxes. O'Shaughnessey
15 asked if they had established a percent increase target number. Beaucaire stated they
16 would be looking at the three trend lines of increase.
17
18 O'Shaughnessey noted that Hoen's contract for facilities manager would be going away
19 as she was converting to an employee position. Beaucaire stated the money might still
20 be needed if something went awry with the Community Services new position.
21
22 O'Shaughnessey suggested it would be helpful to see the allocation to each service
23 area under contract labor. She also wanted to see the overall salaries to get big picture
24 of personnel costs. Beaucaire indicated that was her goal. O'Shaughnessey also
25 wanted to see total cost of legal expense.
26
27 Keller had concern about paying for a lot of things that they are not using, such as the
28 Commons. She noted the Commons was not currently being used and may not be for a
29 long time. She noted all they needed was a basic empty building maintenance plan.
30 She wanted to see a worst-case scenario plan. She wanted to remove these types of
31 expenses. She suggested it appeared that the city is plowing ahead like nothing was
32 happening with the pandemic. Beaucaire noted that costs could be higher when
33 classes and other uses resume because of COVID. She stressed the need for investing
34 in their buildings.
35
36 Moore stated they budget for what they might need, but they do not need to spend
37 everything that is budgeted.
38
39 Webb noted investing in buildings was a capital issue, not an operating expense. He
40 suggested now was a good time to invest in the building as it is not being used.
41
42 Webb asked if they had information about people who pay on the three-tiered tax
43 payment system from the county. Groth did not see that information in the data.
44
45 Webb asked about insurance costs, noting Beaucaire said last year that she was
46 looking to save on insurance.

1 Beaucaire noted they changed to a square foot based insurance cost. She was told to
2 estimate a 12% increase in insurance. They are looking at options other than CIS as an
3 insurance provider. Webb asked that they need an executive summary on insurance,
4 especially when changing the costing method. He did not think a square footage basis
5 for insurance was the best method where there were plants with high risks and small
6 buildings with lower risk, such as the Log Church. Webb noted the over 100% increase
7 since 2017.

8
9 Vaaler suggested that they could add an extra line to allocated labor that indicated what
10 was needed now and what would be allocated if certain thresholds are met.

11
12 Moore noted the only change agreed upon was change in interest earned from \$78,000
13 to \$60,000.

14
15 Groth asked if the Council was going to look at the community support contributions.
16 Beaucaire reviewed the organizations requesting funding.

17
18 Bloch did not have recommended changes but had concerns. He asked what the
19 purpose of budgeting was. He asked if the process was to precisely identify what
20 revenues would be and limit spending accordingly or whether these were rough
21 estimates so that they would not need a supplemental budget later. He noted the
22 expenditures going up in a year when revenues are going down. He believed it looked
23 bad for the City to be spending more when people's personal budgets were going down.

24
25 Beaucaire stated she tried to be conservative but not cut to the bare bones.

26
27 Moore asked for a straw poll on this fund:

28 Bloch – yes

29 Groth – yes

30 Keller – no

31 Keller had an issue with the whole thinking behind the budget process.
32 She believed they should be doing everything in a tight and transparent
33 way. She also believed they should do things in the proper order, such as
34 take public input before they pursue any grants. She noted they get the
35 finished product first, and then they have to justify any changes. She feels
36 like this is "Shannon's budget," not the city's budget. She does not think it
37 has passed the test to have the public give their feedback.

38 Purcell – yes

39 Webb – yes

40 Webb noted they have to pass a budget and agreed they need to be
41 better in getting input from public. He noted things like the extra \$13,000
42 in community support should be restricted. Beaucaire asked for
43 clarification on what Webb was uncomfortable with. Webb indicated he
44 was uncomfortable with having an open wallet.

45 Glenn – yes

46 Tooke – yes

1 Vaaler – no

2 Vaaler had concern about transparency on many levels, such as
3 preparation of this document, decisions that come before Council, and not
4 having enough time to evaluate and discuss decisions. She believed it
5 was most important to get this budget correct, even if it took additional
6 time. Moore noted the plan was to start the budget process early with
7 Finance Committee but COVID changed the ability to start the process.

8 O'Shaughnessey – no

9 O'Shaughnessey asked how long it would take to do a supplemental
10 budget. Beaucaire indicated that could take three to four weeks.

11 O'Shaughnessey noted she heard comments about the process that was
12 use to get here. She noted they do get items late. She was torn because
13 she cannot get all of her questions answered.

14 Moore – yes

15
16 Moore summarized this fund was accepted with the \$18,000 change in interest earned
17 by a 7-3 vote.

18
19 Beaucaire asked to speak about the transparency process. She noted Oregon's budget
20 process was one of the most transparent in the nation. Beaucaire noted that grants
21 often have quick timelines so the City needed to act quickly. Beaucaire noted she and
22 the team tries to be transparent. She added they were always looking for ways to get
23 better. She added her descriptions in the document helped with transparency.

24
25 Visitor Amenities

26 Points of discussion:

- 27 • Beaucaire stated the transient lodging tax (TLT) reflected the 50% of the 3-year
28 average.
- 29 • Beaucaire noted she does have an in-house marketing position in the allocated
30 labor.
- 31 • Bloch noted the extreme jump in marketing costs and assumed it was due to
32 COVID.
- 33 • Beaucaire noted that fireworks were typically spent on July 1 and may not be
34 spent this year.
- 35 • Groth clarified that the Chamber of Commerce did not have input on the
36 marketing issue.
- 37 • Keller asked what the community support item was. Beaucaire stated it included
38 banners, Cape Perpetua, landscaping, and other beautification projects.
- 39 • Purcell asked if the visitor center line item funds the Chamber. Beaucaire
40 explained that the contract has gone to the Chamber and it was out to bid at
41 present.
- 42 • Webb stated they should eliminate fireworks for FY21 and bring it back in FY22.
- 43 • Webb thought the city was trying to do marketing when that should be done by
44 someone who better knows how to market.
- 45 • Beaucaire stated the \$50,000 for allocated labor for marketing was specifically
46 for in-house marketing and she vetted through attorney that it was proper to fund
47

1 this position under restricted portion of TLT. She indicated this would be a new
2 position.

3
4 Webb moved to eliminate allocated labor for \$50,000 for a marketing position: Aye 5;

5 No – 5. Motion does not carry

6 Bloch: yes

7 Groth: no

8 Keller: yes

9 Purcell: no

10 Webb: yes

11 Glenn: no

12 Tooke: no

13 Vaaler: yes

14 O'Shaughnessey: yes

15 Moore: no

16
17 Webb moved to eliminate the fireworks funding of 2,000: Aye – 3; No – 7. Motion does
18 not carry

19 Bloch: yes

20 Groth: no

21 Keller: no

22 Purcell: no

23 Webb: yes

24 Glenn: no

25 Tooke: no

26 Vaaler: yes

27 O'Shaughnessey: no

28 Moore: no

29
30 Webb wanted to keep the community support amount to what it was the previous year.

31
32 Beaucaire noted the plan ahead team has talked about creating signage to increase
33 safety awareness. She noted they were creating banners reminding people to practice
34 safe habits. Vaaler clarified that Beaucaire did not have an estimate of what the banner
35 project would cost. Webb asked if that could be expensed under COVID funds.
36 Beaucaire indicated they would be related to COVID.

37
38 Webb moved to reduce community support from \$25,000 to \$17,850, the amount in last
39 year's budget: Aye -5; No – 5. Motion does not carry.

40 Webb: yes

41 Purcell: no

42 Keller: yes

43 Groth: no

44 Bloch: yes

45 Glenn: no

46 Tooke: no

1 Vaaler: yes
2 O'Shaughnessey: yes
3 Moore: no

4
5 Moore noted there was no concurrence on any adjustment to this fund. Moore asked
6 for a vote on approving the visitor amenities fund as presented. (No stated motion)

7 Webb: no
8 Purcell: yes
9 Keller: no
10 Groth: yes
11 Bloch: no
12 Glenn: yes
13 Tooke: yes
14 Vaaler: no
15 O'Shaughnessey: no
16 Moore: yes

17 Vote was 5 ayes and 5 nays so there was not majority support.

18
19 Purcell moved to reconsider the motion to reduce community support from \$25,000 to
20 \$17,850, the amount in last year's budget: Aye – 8; No – 2.

21 Webb: yes
22 Purcell: yes
23 Keller: yes
24 Groth: no
25 Bloch: yes
26 Glenn: yes
27 Tooke: yes
28 Vaaler: yes
29 O'Shaughnessey: yes
30 Moore: no

31
32 O'Shaughnessey asked for clarification on whether additional marketing could be done
33 by the person who runs the visitor center. Beaucaire stated that the Chamber had
34 historically been given an additional budget which was \$25,250 for the past year.
35 O'Shaughnessey clarified this additional money was not for a job position. Beaucaire
36 stated both the Budget Committee and Council had concern about getting statistics on
37 how well the marketing was working. Beaucaire added that the proposals received thus
38 far were emphasizing the marketing rather than the operations side of the visitor center.
39 She speculated they might have to divide the tasks and rebid. O'Shaughnessey did not
40 think this time was appropriate to create an additional position.

41
42 Glenn moved to pass the visitor amenities fund with a reduction in community support to
43 \$17,850: Aye – 6; No – 4.

44 Webb: no
45 Purcell: yes
46 Keller: no

1 Groth: yes
2 Bloch: yes
3 Glenn: yes
4 Tooke: yes
5 Vaaler: no
6 O'Shaughnessey: no
7 Moore: yes

8

9 Library Operations

10 Nikki Carlson, Library Chair, clarified that the \$8,000 contract would include the needs
11 assessment and repairs. Vaaler asked where the Petersen gift money was located.
12 Carlson stated that was under capital. Vaaler asked about the increase of \$3,000 for
13 books and periodicals. Carlson said it was based on increases over the past few years.

14

15 **Glenn moved to adopt the Library fund as proposed:** discussion

16

17 Webb asked what happened if they did not reopen the library. Carlson indicated the
18 Library funds were currently frozen.

19

20 **Vote: Aye – 10; No – 0.**

21

22 Commons

23 Groth asked what the allocated labor for Commons included. Beaucaire stated that it
24 included repairs made by Public Works, cleaning contracting and time for Community
25 Services, the City Manager, and the Deputy Recorder. She noted the current Facilities
26 Manager position would go away if they successfully hire the new position. She noted
27 contract labor was at same level as last year.

28

29 Vaaler noted that the interview process for Community Support was not completed. She
30 believed leaving the Facilities Manager position in contract labor seemed like double
31 counting. Beaucaire stated she wanted to hire a professional company, noting she got
32 an initial quote of \$50,000 just to clean the Commons. O'Shaughnessey asked if there
33 were any local firms that do the cleaning work. Beaucaire noted it would have to be
34 Newport or Florence.

35

36 Webb asked about rents and fees. Beaucaire noted the \$13,000 reduction was for
37 classes. The \$17,800 was rent the City paid for rent of the City Hall space.

38

39 **Glenn moved to approve the budget for the Commons fund: Aye – 8; No – 2.**

40 Webb: no

41 Purcell: yes

42 Keller: no

43 Groth: yes

44 Bloch: yes

45 Glenn: yes

46 Tooke: yes

1 Vaaler: yes
2 O'Shaughnessey: yes
3 Moore: yes
4

5 Little Log Church and Museum

6 Webb asked for clarification on the building and maintenance line. Beaucaire stated
7 this budget was identical to the 2019 budget and was in accord with national standards.
8

9 Moore noted that the City had been grossly underbudgeting for maintenance, so the
10 City has been gradually increasing that amount. Moore noted they used maintenance
11 money to replace the heater in the Little Log Church and Museum. Webb emphasized
12 the need for doing the maintenance now that it was budgeted.
13

14 Bloch asked why there was a drop in visitor amenities transferring in. Beaucaire stated
15 they only transferred in what they needed to. Groth reiterated that they were trying to
16 fund at their needed levels only.
17

18 Glenn moved to approve the Little Log Church and Museum fund as presented: Aye –
19 7; No – 3.

20 Webb: no
21 Purcell: yes
22 Keller: no
23 Groth: yes
24 Bloch: yes
25 Glenn: yes
26 Tooke: yes
27 Vaaler: no
28 O'Shaughnessey: yes
29 Moore: yes
30

31 Parks and Trails

32 Groth noted the expenditures exceeded income for last year. The Committee discussed
33 what was contained in the line items.
34

35 Vaaler had concern about funding conference and travel expenses for trails volunteers
36 during this time of COVID. Purcell thought Vaaler's question was valid.
37

38 Vaaler moved to reduce the travel budget from \$2,050 to \$1,000: Aye 10 – 0; No – 0.
39

40 Beaucaire indicated this decrease in an expense line would result in a decrease in the
41 amount of transfer in from the general fund.
42

43 Webb moved to approve the parks and trails fund with the reduction in the travel budget
44 to \$1,000: Aye 10 – 0; No – 0.
45
46

1 Library Capital Reserves

2 Carlson noted the beginning balance included the Petersen donation. Beaucaire
3 clarified that the Friends of the Library had the Petersen money. Beaucaire clarified that
4 the needs assessment would be paid from the Hall Bequest. Webb noted that
5 Beaucaire has previously stated the needs assessment was part of labor.
6

7 Groth clarified that the first two lines under revenues was the \$306,000 ending balance
8 from the current year. Vaaler clarified this budget does not include any Petersen funds.
9

10 Beaucaire stated the allocated labor includes 15% of the cost of capital projects.
11

12 Vaaler moved to approve the Library capital reserve budget as presented: Aye 10; No –
13 0.
14

15 City Hall Reserves

16 Groth moved that capital outlay equipment be increased by \$20,000 for FY21 for
17 emergency supply containers at south and north locations, including installation, to
18 make a total of \$45,000 for equipment and that capital outlay buildings be increased to
19 \$211,300: discussion
20

21 Moore clarified that the equipment outlay increased from \$25,000 to \$45,000; the capital
22 outlay for buildings to increase by \$166,300 from the General Fund for a total of
23 \$211,300; and to transfer in from reserves \$95,000.
24

25 Groth explained the emergency supply containers are paid for through the City Hall
26 budget and the Emergency Preparedness Committee was asking to replace rusting
27 containers. City Hall already has a line item for paying for supplies for the emergency
28 containers. Beaucaire noted this action had been done in the past.
29

30 Groth stated the \$166,300 was to come from general fund to include \$75,000 that was
31 there plus additional items. Beaucaire stated that of the \$166,300, \$91,300 was from
32 the grant and \$75,000 was from the City.
33

34 Summarized the changes for this fund to be:

- 35 • Beginning balance of \$64,065
- 36 • Income from grant of \$91,300
- 37 • Transfer from general fund of \$95,000
- 38 • No change in allocated labor
- 39 • Capital outlay equipment of \$45,000
- 40 • Capital outlay to buildings of \$166,300
41

42 Vaaler asked about allocated labor at 15% and noted they were not changing the
43 allocated labor accordingly to reflect changes. Webb recommended that they have a
44 separate fund for emergency preparedness. Groth clarified that should include both an
45 operations and a capital fund. Beaucaire stated it would be a good idea to identify this
46 cost in the budget but not necessarily to create new funds.

1
2 Glenn moved to approve the City Hall reserves with the above changes: Aye 10 – 0; No
3 – 0.

4
5 Commons Capital Reserves

6 Vaaler moved to approve the Commons Capital Reserve fund as presented: Aye 10; No
7 – 0.

8
9 Parks & Trails Capital Reserve

10 Beaucaire noted that the county might not be as generous as they have been for Ocean
11 View Drive. She stated that the \$50,000 would be applied to the boardwalk near the
12 Underground Pub.

13
14 Groth noted beginning balance was from visitor amenities and urban renewal so there
15 would be restrictions on expenditures.

16
17 Purcell moved to approve the Parks & Trails capital reserves fund as presented: Aye -
18 9; No – 1 (Webb).

19
20 Webb noted the boardwalk project would be enormously expensive. Keller had concern
21 about the insurance cost of a boardwalk.

22
23 Little Log Church Capital Reserves

24 Beaucaire noted this allocation was made in previous years. She stated the City would
25 be applying for a Ford Family Foundation grant and that would require City matching
26 funds.

27
28 Beaucaire clarified that the labor was 15% of \$150,000 capital project.

- 29
- 30 • Vaaler recalled a long discussion last year. She remained opposed to moving
31 this issue forward. She did not feel that the community was on board with this
32 project and she wanted to find out what the community truly wanted. She did not
33 think this was a year to be spending on this project.
 - 34 • Tooke agreed with Vaaler.
 - 35 • Glenn stated the project had been before the community for several years and he
36 had heard nothing negative from the community. He noted the Log Church
37 Board had been fundraising. He noted they were not spending this allocation
38 unless they have to, and he wanted the money to leverage for grants.
 - 39 • O’Shaughnessey acknowledged the emotional element but did not think this was
40 the time to be spending this money
 - 41 • Bloch indicated he saw the Little Log Church as a museum and wanted to
42 support that, but with the current virus situation, this would not be the best year to
43 do this project.
 - 44 • Groth had concern that if they do not proceed, the building might deteriorate so it
45 would not be usable.

- 1 • Keller noted they have been fundraising for two years and only have \$10,000.
2 She was not hearing community support for this project. She had concern that
3 moving forward with a \$300,000 project would anger citizens. She noted that
4 nobody will be using the building for potentially several years.
- 5 • Beaucaire explained the history of why the project has been on the books for this
6 long.
- 7 • Purcell reviewed some history and indicated he believed it was a community
8 decision as to whether they want to rebuild. He suggested they create a timeline
9 for fundraising so the community can show their support.
- 10 • Purcell noted there were people using the church prior to COVID.
- 11 • Webb stated his daughter was married in the Little Log Church so he had a bias.
12 He believed the bottom-line problem was inertia. He believed the cost was
13 excessive. He noted this money was already set aside in the reserves. He had
14 an issue with the allocated labor. He would do it personally for half that amount.
- 15 • Moore noted the building foundation has no crawl space and there was wood
16 sitting on the ground. He favored leaving this item as a placeholder and getting
17 additional community input.

18
19 Beaucaire stated they were expecting the Ford Family Foundation to give over
20 \$100,000.

21
22 Glenn moved to approve the Little Log Church and Museum capital reserves budget
23 and to have Parks and Commons work with the Board to establish a timeline for
24 fundraising: Aye – 9; No – 1 (Vaaler).

25
26 **Budget Approval**

27 Glenn moved to adopt the 2020-2021 City of Yachats budget as revised: Aye – 7; No –
28 3 (Vaaler, Keller, and Webb).

29
30
31 Moore adjourned the budget hearing at 12:55 pm.

32
33
34
35
36 _____
37 W. John Moore, Chair

38
39 ATTEST:

40
41
42 _____
43 Shannon Beaucaire

_____ Date