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CITY OF YACHATS
FINANCE COMMITTEE
SUMMARY MINUTES
December 3, 2024

6 Chair Bobbi Price called the regular meeting of the Finance Committee to order
7 at 10:00 a.m. in the Civic Meeting Room of the Yachats Commons.

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9 Members present: Tom Lorenzen, Charles Bame-Aldrich (zoom), Julie Ekdorn,
10 Vicki West, and City Recorder Kimmie Jackson.

11 Audience: 7

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13 **Announcement/Correspondence:** None

14 **Citizens' Concerns:** None

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16 In the meeting, the city manager led the discussion, which primarily focused on reviewing
17 the CIP spending to date; and mentioned that they would be working through the
18 documents Neil Morphis provided. The group discussed the city's budget, specifically the
19 General Fund CIP and Public Works CIP spending; highlighting two properties being
20 purchased and leased, which would be funded from the CIP budget and explained the
21 process of budget adjustments within the General Fund category, which does not require
22 a supplemental budget. A member raised questions about the funding for the Rocha and
23 O'Neill properties, it was clarified as it coming from the General Fund and the Visitor
24 Amenities Fund, respectively.

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26 **Delineator Costs & Project Adjustments**

27 Members expressed concerns about the cost and effectiveness of the delineators
28 proposed for the project, noting that the price was six times the original estimate and the
29 product was only a third of what was expected; it was suggested possible compromises,
30 such as clustering the delineators in the riskiest areas or leaving breaks in the line; and a
31 question about the spending on the gimlet gates, which is believed should have been
32 reflected in the previous fiscal year.

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34 **25-Year Lease Agreement Discussion**

35 The members discussed the financial implications of a 25-year lease agreement with a
36 timber company. They agreed that the total cost of \$75,000 would be paid upfront from
37 the general fund, and then amortized over 25 years at a rate of \$6,000 per year. They

1 decided to set this up as a prepaid rental agreement on the balance sheet, with a quarterly
2 journal entry of \$1,500. They also agreed that this should be treated as an operational
3 payment rather than a capital expense and noted that they would need to add a line for
4 the prepaid lease agreement in their budget for parks and trails. A member suggested
5 that they could start looking at borrowing from capital expenditures out of the Commons.
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7 **Roca Property Payment and Budget Adjustments**

8 The members discussed how to account for the Roca property payment of \$152,000.
9 They decide to prepay it from the general fund and amortize it over 25 years as an
10 operating expense instead of a capital expense. This frees up funds for other capital
11 projects like delineators, gutters, and roof repairs; also discuss adjusting the budget for
12 the Gimlet Gate project that was completed and using those funds for delineators. The
13 effective date of the Roca property agreement is December 2nd, so they will recognize 7
14 months' worth of the amortized expense in the current fiscal year.
15

16 **Project Funding and City Improvements**

17 The team discussed the allocation of funds for various projects, including the City Hall
18 and the Commons. They agreed that some projects would roll over into the next year,
19 and adjustments would be made to the budget accordingly. It was mentioned that the City
20 Hall project would involve gutters and interior security remodeling, while the Commons
21 project would include sound and light upgrades. They also discussed the potential for a
22 larger project at the Commons, involving paintwork. It was mentioned that the resiliency
23 and solar energy projects were not feasible for the current year but could be revisited in
24 next year's plan. The team also discussed the potential for security upgrades at City Hall,
25 which could be postponed to next year. Lastly, they touched on the upcoming community
26 input session for the civic master plan and the progress on the stairs and common storage
27 improvements.
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29 **Library Project Procurement Challenges**

30 The commission discussed the procurement process for a library project, which was
31 initially planned as a design-build team. However, due to technicalities, they decided to
32 advertise the project for public bidding, following Oregon procurement rules and laws.
33 The project is funded by the Visitor Amenities Fund and Friends of the Library, who are
34 contributing \$130,000. Staff are working on the Request for Proposals (RFP) and hope
35 to have it done in the next couple of days. The project is under a deadline of November
36 2025, and the contractor they were working with felt they could meet this. However, the
37 addition of procurement and prevailing wage could potentially take the project above its
38 budgeted amount. It was also mentioned a potential workaround, hiring a general
39 contractor as an employee of the city, which could free up smaller companies to bid on
40 the project.
41

42 **Master Plan Progress**

43 The group discussed the progress of the Master Plan, highlighting the involvement of a
44 good contractor who is meeting with various user groups and the general public; and
45 emphasized the importance of incorporating past information and projected costs into the
46 plan. Also mentioned having a community session and an advisory group selected to



1 oversee the plan's implementation. There was expressed concern about the potential for
2 projects to be taken over by events, referencing the library as an example. The chair
3 concluded by expressing optimism about the progress made so far and the involvement
4 of city staff. Concerns were expressed about the potential over-budgeting of a remodel
5 project, suggesting a reconsideration of the project's scope or a redesign to make it more
6 cost-effective.

7 8 **Water Treatment Plant Modernization Plans**

9 The team discussed the need for a one-time modernization of the water treatment plant's
10 system, questioning the incremental spending of \$30,000 a year; and suggested an
11 alternative approach and a comparison for this project. Also mentioned that the Second
12 Street project might be postponed until a grant is secured; have confirmed that the fence
13 around the Blackstone reservoir and the water treatment plant's fencing repairs were
14 planned for next week. Also discussed was the slide gate project, which has been on the
15 budget for five years, and the hydrant project which involves both capital and operational
16 expenses.

17 18 **Audit Obligations**

19 The committee discussed the problematic situation with Teresa Hanford & Associates, a
20 partner who has not fulfilled their obligations. The group expressed concern about the
21 lack of an audit report and the potential consequences for their financial statements. It
22 was suggested that they need to find out if the auditor is in violation of the contract and
23 consider getting another bid for someone to do the work. The team agreed to prioritize
24 this issue and also mentioned reaching out to the Oregon Secretary of State.

25
26 Lastly, the team discussed the upcoming CIP and the need to start planning for it. They
27 agreed to start the process in January and bring in Public Works with their project lists.
28 The team agreed that they should review the ordinance and possibly make edits; and
29 discussed the importance of reviewing audited financial statements and the potential
30 need for them if the city decides to borrow money.

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32 The next meeting was scheduled for January 7th at 10 AM.

33 34 **Next Steps**

- Neil Morphis to update the CIP spreadsheet based on the discussion and changes agreed upon in the meeting.
- City Staff to check up on the delineator project, asking more specific questions about the cost and spacing.
- City Staff to research the City of Joseph's approach to hiring contractors as city employees for potential cost savings.
- City Staff to prioritize finding a new auditor and reach out to the Oregon Secretary of State and Oregon State Board of Accountancy regarding the current auditor situation.

- Finance Committee members to review and mark up Ordinance 3.10.010 for discussion at the January meeting.
- City Staff to email Finance Committee members the specific sections of code to review before the January meeting.
- Neil Morphis to work with Rick McClung on updating the water master plan, including amendments for rebuilds and pump stations.
- City Staff to provide an update on the general ledger and prepaid lease accounting for the Roca property at the January meeting.
- Finance Committee to set deadlines for CIP project submissions from city commissions at the January meeting.
- City Manager to follow up with Teresa Hanford and Associates using the alternate contact information provided by Toledo.

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2 **The meeting adjourned at 11:30 AM**

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4 **Kimmie Jackson, City Recorder**