



City of Yachats

FINANCE COMMITTEE

January 9, 2019

Approved Minutes

I. Call to Order

Substitute Chair W. John Moore called the January 9, 2019 meeting of the Finance Commission to order at 10:00 am in Room 1 of the Yachats Commons. Members present: Shannon Beaucaire, Don Groth, Jim Tooke, Marv Wigle (Library), Scott Gordon (Parks and Commons), and John Moore. Absent: Glen Aukstikalnis. Staff present: Clerk Judy Richter, Water Treatment Plant Lead Rick McClung, and Wastewater Treatment Plant Lead Dave Buckwald.

II. Minutes December 12, 2018

Groth moved to approve the December 12, 2018 minutes as presented: Yes – 3; No – 0; Abstain – 2 (Gordon and Wigle had not received copy)

III. New Business

A. Recommended Uses of increase Transient Lodging Tax Revenue

Moore explained that the Council discussed the pending Transient Lodging Tax increase to 11.8% and noted hotel owners might be more supportive of the increase if they knew where the extra funds would be spent.

Gordon, owner of the Yatel, asserted visitors come for the festivals and fairs, use the trails and sidewalks, and have appreciated the highway improvements. He suggested parking and trails could be good uses for the additional revenue. Moore suggested some could go to the proposed trails boardwalk on the south end of Ocean View Drive or to the restoration of the Little Log Church. Groth suggested the crossing at Marine Drive and Highway 101 for an evacuation route/trail could be a possible use. Moore suggested focusing on the first few years for the recommendation the Committee makes to Council. Tom Lauritzen noted they should avoid spending on infrastructure such as water, sewer, and streets.

Tooke moved to recommend to Council that the increased revenues from the Transient Lodging Tax 1% increase of be applied to the Little Log Church, the proposed Trails Boardwalk, and the Library: Aye – 5; No – 0.

Tom Lauritzen asked who would be determining the uses of the Visitors Amenities Funds. He suggested the City strengthen the Chamber so it could take on more activities such as marketing and festivals and boost its image.

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2 **B. Discussion of the Urban Renewal District**

3 Lauritzen explained that the Urban Renewal Plan was adopted in 2006 and was created by the
4 Green Ribbon Committee. The Plan proposed the Food and Beverage Tax and as well as the
5 URD. He summarized that these two revenue streams were contributing approximately
6 \$400,000 of the approximately \$500,000 debt service payment. Lauritzen explained how the
7 frozen excess value calculations worked, noting the revenue was based on the portion of
8 appraised values above the appraised value at the time the URD was created. He explained that
9 state law required the value be no more than 25% of City property and must be defined by a
10 contiguous line. He noted Koho generated approximately 17.5% of the increase and the bulk
11 increase was due to large hotels like the Adobe, Fireside and Overleaf. Lauritzen noted there
12 was a significant lag in the income to the City as a result of construction.

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14 Lauritzen explained the City Council could only amend the life of the Plan and the projects of
15 the plan. Lauritzen reviewed the original project amounts and changes in 2016.
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PROJECT	ORIGINAL AMOUNT	ORIGINAL %	2016 AMENDED AMOUNT
Administrative Fee	322,400	4.1	322,400
Materials and Services	68,600	0.9	68,600
Sewer Plant, Pump Stations, other	3,700,000	47.3	2,637,087
I&I	266,650	3.4	266,650
South Water Tank	1,333,350	17.0	1,729,613
Miscellaneous Looping	133,350	1.7	0
Upgrade Water Line Size	133,350	1.7	0
New Hydrants	66,650	.9	66,650
Replace Main Water Valve	66,650	.9	0
Street Repair	266,650	3.4	266,650
Storm Drain Improvements	667,000	8.5	667,000
Sidewalks and Curbs	333,300	4.3	1,333,300
Trails	133,350	1.7	133,350
Parks, etc.	333,300	4.3	333,300

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40 Lauritzen noted in 2016 the Council approved a plan to underground the utilities as part of the
41 Highway 101 project with no identified funding source. He reported the Council adjusted the
42 projects in the Plan to help cover this additional cost. He added the City borrowed money from
43 reserves through interfund transfers to pay for work, which would be repaid as property taxes
44 were collected.
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1 Lauritzen stated the Urban Renewal Board, which is the City Council, could approve changes to
2 the Plan.

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4 Lauritzen reviewed that the Plan had estimated revenues would begin in 2008, but income was
5 not received until 2009 due to the timing of assessments with the Assessor's Office. He noted
6 the Plan projected an increase in assessed value in 2007 of \$11 million, but there was no increase
7 in value that year. He added the second year projected cumulative revenue of \$15 M came in at
8 \$11 M. Lauritzen highlighted that the projection was for \$50 M of increased appraised value as
9 of June 30, 2018 and it was currently at \$30 M. He explained the process of how the information
10 from the Tax Assessor comes to the City.

11
12 Lauritzen reported revenues from the URD increased from an actual amount of \$286,000 In
13 FY17-18 to projected amount of \$385,000 in FY18-19. Lauritzen recalled paying for the South
14 Water Tank was the first priority and \$100,000 per year was being applied to cover this debt. He
15 added that the City's actual debt payment was only \$60,000. He also noted \$95,000 was being
16 paid to cover debt on the Wastewater Treatment Plant.

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18 Lauritzen explained that once the wastewater and I&I transfers were paid, funds would be
19 applied to the Highway 101 Project. The URD funds should be enough to repay this interfund
20 loan for Highway Project by 2033.

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22 Buckwald suggested the Wastewater Treatment Plant had another 50 years of life.

23
24 Tooke asked how the economy and recessions would impact the URD Fund. Lauritzen
25 explained process of how the real estate market impacts the fund.

26 27 **C. Discussion of Ocean View Drive and CIP**

28 Richter reported there have been recent expenses for Ocean View Drive, and she has been paying
29 for these through the Streets Fund. McClung added that the crew has been working on utilities
30 around the road and that their work needed to be capitalized. He anticipated Public Works costs
31 could reach \$10,000-\$20,000 for the transfer project. Manager Beaucaire reported she has had
32 the City Engineer be present at meetings with the county to ensure that standards were being
33 met. Richter agreed that if they look at the larger picture, the project would be a CIP. McClung
34 noted Public Works has to CCTV the lines, change out hookups and meters, assess utilities, and
35 do any work that would require cutting into the pavement prior to laying down the new blacktop.

36
37 Moore clarified that McClung wanted this project for FY18-19. Richter noted there was already
38 a CIP in the Streets Fund. The Committee agreed that \$20,000 was a more realistic number for
39 that fund. Tooke clarified that it was unlikely the county would cover any of the City's
40 engineering costs.

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42 Groth moved to amend the Streets CIP Fund to include work on Ocean View Drive: Aye – 5; No
43 – 0.

44 45 **D. Meeting Dates for future Committee meetings**

1 Moore explained the Council had moved its second meeting to the third week. Tooke suggested
2 it would be more convenient to have the Finance Committee meeting move to this third week as
3 well to minimize the number of days with meetings. The Committee agreed to keep the meeting
4 on the second Wednesday.

5 6 **IV. Continuing Business**

7 **A. Minimum reserves and reserves generation**

8 **1. Status of 501 Building and Reserves**

9 Richter reported she found that the original transfer was for \$253,000. A transfer from closing
10 the US Forest Service Fund (\$80,000) left a remaining balance of \$177,265. She reported the
11 City established a repayment plan for roughly \$20,000 per year, but only one payment has
12 occurred since 2016. She noted state law stipulated interfund loans must pay back within ten
13 years. Moore suggested they include this payment in the new budget. Richter clarified this
14 payment would come from the General Fund. Lauritzen recalled the plan was to use the excess
15 revenues from the transient rental tax for this debt.

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17 Lauritzen suggested the Finance Committee review all of the interfund loans to ensure they have
18 been properly addressed.

19 20 **2. Status of Blackstone LID**

21 Richter noted the LIDs (Local Improvement District) are labeled East Hillside and Windsong,
22 and she was not certain what portion of those applied to Blackstone. She reported the amount
23 totaled \$141,477 as of June 30, 2018. Lauritzen suggested that given the way the system was
24 originally set up, the City was essentially taking money from SDCs and putting it back into
25 reserves.

26
27 Richter explained the City bills land owners two times each year, and the unpaid balance
28 becomes a lien against the property. She reported owners are told they can make payments and
29 they will be charged interest on the unpaid balance. Richter clarified the LIDs were on vacant
30 lots and would need to be paid off if the property was sold.

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32 Moore clarified there were around four properties that were not paying at all. Groth asked if the
33 East Hillside LID was Blackstone. McClung stated Windsong was included in the East Hillside
34 LIDs.

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36 Richter noted the Committee made motion to move \$8,000 from IT to City Hall at their last
37 meeting. Richter explained that the IT money had already been spent on the website. Moore
38 clarified they would need to increase this CIP. Richter indicated she would determine the
39 amount of increase needed.

40 41 **V. Other Business**

42 **A. From the Committee – none**

43 44 **B. From the Staff**

45 Richter asked to get started on CIP planning for the Budget. Anderson clarified that
46 Beaucaire was still Chair of the Committee.

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2 **C. From the Floor - none**
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4 With no further business before the Committee, Moore adjourned meeting at 11:12 am.
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W John Moore, Substitute Chair
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13 Minutes prepared by H.H. Anderson on January 9, 2019.