

The first meeting of the City of Astoria 2016-17 Budget Committee was held at the above place at the hour of 7:00 p.m.

Committee Members Present: Mayor LaMear, City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, Janet Milltenberger.

Committee Members Excused: None.

Staff Present: City Manager Estes, Finance & Administrative Director Brooks, Community Development Director Cronin, Parks Director Cosby, Police Chief/Assistance City Manager Johnston, and Fire Chief Ames.

The meeting was called to order by Mayor LaMear.

Election of Officers

Mayor LaMear called for nominations for Chairperson. Motion made by Richard Hurley, seconded by Councilor Warr, to nominate Loren Mathews as the 2016-17 Budget Committee Chairperson. (Motion carried by unanimous vote.)

Mayor LaMear passed the gavel to newly elected Chair Mathews.

Chair Mathews called for nominations for Secretary. Motion made by Shel Cantor, seconded by Councilor Price, to nominate Richard Hurley as Secretary of the 2016-17 Budget Committee. (Motion carried by unanimous vote.)

Budget Committee Review Schedule

Chair Mathews noted the Budget Committee Schedule had been discussed and set earlier during the East and West Urban Renewal Districts Budget Committee meeting.

Review of City of Astoria Departments/Funds for FYE 6/30/17

BUDGET MESSAGE

City Manager Opening Comments and Budget Message

City Manager Estes presented the Budget Message included in the meeting packet and a brief overview of the proposed 2016-17 Budget. He noted the range of services the City of Astoria, the only full service city in Clatsop County, provides to its citizens and that the budget reflects the provisions for the continuation of those services. He reviewed the factors that resulted in the large General Fund Ending Fund Balance, which had increased by \$2 million since the City's 2011 to 2015 financial statements. He explained that the factors resulting in the increase to the available balance involved one time situations, so that balance should not be relied upon as a sustainable resource to draw upon year after year. Factors that would impact the City's budget in the short and long term included the City's ongoing negotiations with the International Association of Firefighters and the Astoria Public Safety Association, as well as the recent Supreme Court decision regarding PERS, which will impact the City's budget by 20 percent in the next fiscal year. He revised the Beginning Fund Balance in the Budget Message from \$ 285,890 to \$264,010, which was the result of a duplication of costs for parking control in the Police Department Budget. He confirmed the Ending Fund Balance and resulting Beginning Fund Balance already reflect the \$1 million approved last year for the ladder truck purchase. Construction of the ladder truck would begin this spring and Fire Chief Ames said delivery of the truck was expected in early to mid-November.

Update on Audited Financial Statements for FY 14-15.

Finance Director Brooks said the final audited financial statements are expected to be received in print this week. She explained the reasons for the delay, but said Staff received a draft portable document file (pdf) of the completed audited financials and this document contains a clean opinion with no issues or disagreements noted. In addition the audit firm is not issuing a management letter to City Council because there were no deficiencies requiring separate communication. She reviewed the three best practices recommendations made in the audit letter which were considered housekeeping items for City Council to be aware of and to follow up on with Staff. Mr. McElroy asked whether there were any comments regarding the differences in the PERS reserves. She explained the new GASB 68, which was meant to make the reporting more transparent, was a restatement of the unfunded PERS liabilities and involved a big section of the overall notes to the audit and financial statements. Was anything said about the City of Astoria choosing not to create reserves and Ms. Brooks confirmed there was nothing noted and in fact, the City has a credit for PERS this year.

City Manager Estes added a presentation would be given on the final financial statements at the next City Council meeting, but Staff wanted to share the information with the Budget Committee.

PUBLIC HEARING ON CITY OF ASTORIA BUDGET AS PROPOSED AND STATE REVENUE SHARING

Chair Mathews opened the public hearing on the proposed City of Astoria 2016-2017 Budget at approximately 7:44 pm and called for public comment.

Robert Erickson, 439 Grand, Astoria, stated his one complaint about the budget was the 6 percent increase in both water and sewer rates. Figures in the Budget Message show this would result in a \$6.76 increase each month, but was that the total increase for both water and sewer or would each bill go up by \$6.76 each month. Regardless, one of his pet peeves was there were no facts or figures to back up the reason for the rate increases. He has had a little budget experience in the past, and admitted he had not reviewed the budget in detail, but a lot of people are having trouble paying their bills and a 6 percent rate increase is a lot of money. Even inflation was not at 6 percent. He wanted facts and figures to show why a 6 percent rate increase was needed for water and sewer. He had heard there was no rate increase last year, so if the City did not need it, why should the City get an increase? If the City was going to keep raising rates, he did not want to hear anything more about the poor people in Astoria because the City was not helping one bit.

Public Works Director Cook explained the primary reasons for the increases were a significant cost of living adjustment for all City employees and inflation on parts and materials. The rate increases are in the budget and based on projections of this year's and last year's spending, and then Staff projects required revenues needed to maintain a balanced budget. He confirmed that the \$6.76 increase per month was for both water and sewer services, which would be over \$12 for the average household for two-months

Staff clarified the 20 percent PERS increases would factor in for the next budget year (not the current proposal under consideration) and that amount of revenue generated for the water and sewer fee increases would be provided when the Public Works budget was presented

Chair Mathews confirmed there were no further public comments on the proposed budget or on the State revenue sharing and closed the public hearing at 7:50 pm.

INDIVIDUAL BUDGET CONSIDERATION

Promote Astoria Fund:

City Manager Estes acknowledged a request to review the Promote Astoria Fund at the second Budget Committee meeting given the amount of information and that some of the fund's reports had only been received on Monday. However, because some items within the Promote Astoria Budget had implications on other City department budgets, he recommended proceeding to see if the Budget Committee had any concerns that may require some adjustments to the Police and Parks Departments budgets, for example, during the General Fund process. He clarified Staff was not seeking tentative approval tonight, but wanted to consider any specific concerns from the Committee.

He noted the Promote Astoria budget looked different than in prior years because Tourist-Oriented Facilities was now itemized more specifically and included new line items that had not been paid from the Promote Astoria Fund in the past. He briefly reviewed the line items and changes in the Promote Astoria Fund

He described background and details of the additional line items, which included adding half of the Restroom Maintenance costs at Tapiola Park and Evergreen Field; Mowing and Lawn Care for several areas considered to be tourism related, including the Smith Point Roundabout; the Electric Bills for tourist oriented park areas, which the City has done over last few years, but now it was included as a line item in the Promote Astoria Fund; and Downtown District Parking Enforcement, so the Astoria Downtown Historic District Association (ADHDA) could begin parking enforcement for the downtown core. He noted the City had come to some tentative terms with the ADHDA, but they had not voted on the agreement because there was no budget allocation from the City. Including these budgeted line items in the Promote Astoria Fund would create more capacity within the Maintenance Division to focus on other projects not as tourism related and would enable contract(s) to be issued to a landscape company.

Key comments and discussion items were as follows:

- Adding Mowing and Lawn Care as a line item would not reduce the Parks Department budget, but would provide additional capacity within the department to realize better efficiencies and more manageable workloads, while providing a much higher level of care. Overall, more money would be spent for the improved service, which would be reviewed during Parks Department Budget discussion.
- The \$22,000 allocated for Downtown District Parking Enforcement was enough to accommodate the part-time enforcement position. Staff described the advantages of contracting with the ADHDA versus hiring a part time person, noting this arrangement would give the ADHDA more capacity because the individual would do parking enforcement as they were doing other ADHDA business. The City would share the cost by paying for 20 hours per week, but the ADHDA could have additional labor when needed. Discussion included employees parking downtown and the turnover of parking spaces needed for visitors to frequent downtown businesses.
- The \$250,000 spent on Tourism-Oriented Facilities is a large portion of the Promote Astoria Fund compared to that traditionally allocated for the Chamber of Commerce Lower Columbia Tourism Committee. From a broad policy standpoint, adding a new trail, trail signage, or some new facilities for tourists would be a good investment of the motel tax revenue.
- The Parks Tourism and Promotion Fund was used for more than promoting the Run on the River. The Parks and Recreation Department contributes to many events in Astoria for which the department receives no funds. For example, all full-time personnel and maintenance crews work during the Regatta. Staff hopes to contract out for some of events and do additional promotions specifically for tourist-oriented facilities, such as The Column, Astoria Park, and the Riverwalk. The Parks Master Plan includes one section of recommendations that focuses on marketing and drawing visitors to the area. Currently, the part-time communications coordinator, who works 15 hour per week, oversees the fund and has created a marketing plan for next year.
 - Staff would return with a more detailed breakdown regarding how the \$19,000 in the Parks Tourism and Promotion Fund is allocated and reminded that tentative approval was not being sought tonight.
- Tourism Promotion Miscellaneous was available should Council want to make allocations throughout the year for new projects not currently in the budget, such as items in the Parks Master Plan like installing lights along portions of the Riverwalk. The fund could be reduced as well.
- Next year, the Promote Astoria Fund will have more capacity to take on other projects, like a new trail or trail signage, because the \$146,000 loan for Heritage Square will be paid off in advance of what was anticipated.
- Historic Park and Wayfinding Signage was not in the budget, but Wayfinding Signage was identified as a priority in the Parks Master Plan. Individual park and historic signage should also be added because people ask about the parks and visitors would learn more about the area's history.
- Reducing Parks Tourism and Promotion would result in impacts, and the line item was intended to generate additional revenue for park services as well.
- Installing new, vandal-proof restrooms on the Riverwalk was discussed with regard to the Promote Astoria Fund and the Capital Improvement Fund; however, when prioritizing the primary needs of the Parks Department, the restrooms were lower priorities compared to the care, maintenance, and repair

of existing facilities needed after so much deferred maintenance over the years. Adding the restrooms could be considered if the Committee wanted using the Promote Astoria Fund or Capital Improvement Fund. Considering the other priorities, Staff recommended continuing with the port-a-poddies in their current location for next budget cycle.

- Staff would verify whether the Riverwalk port-a-poddies were considered part of the downtown restroom maintenance services.
- A real bathroom is needed on the Riverwalk.
- The Ending Fund Balance of more than \$575,000 provided room to consider other projects, like a trail, restrooms, or items from the Parks Master Plan.
 - The healthy Ending Fund Balance reflected Staff weighing the money that may be needed for the future library project against other needs in the city.
 - Only funds in the Contingency Fund, not the Ending Fund Balance, could be used throughout the fiscal year, so \$150,000 should be taken from the Ending Fund Balance and added to the Contingency Fund, which could be included in the motion tomorrow.
- Trash cans on the Riverwalk overflow on a regular basis, so that item in the Parks & Recreation Department should be increased to improve the level of service.
- Parks Tourism and Promotion implies more than advertising and that budget item should be increased to enhancements like the Park and Wayfinding Signage.
 - Reducing the Chamber of Commerce Advertising Budget by \$50,000 and adding it to the Parks Tourism and Promotion was suggested because the Chamber said it does not advertise during the summer.

Chamber of Commerce: Visitor Services and Tourism Promotion
Chamber of Commerce: Lower Columbia Tourism Committee
Community Organization Consideration

The Committee agreed to continue discussion regarding the subtopics of the Promote Astoria Fund to the next meeting since some of the reports had only recently been received.

General Fund:

City Council

City Manager Estes described the purpose for the City Council fund and provided a brief overview of the budget.

Committee Action: Motion made by Mayor LaMear, seconded by Councilor Warr to tentatively approve the City Council Budget. (Motion carried.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, Janet Miltenberger, and Mayor LaMear voted yes.

City Manager

City Manager Estes briefly described the fund's purpose and reviewed the professional trips he had taken as city manager, one of which was paid by the City. The \$219,000 transfer from the Local Improvement Debt Service Fund into the General Fund was not included in the Inter Fund Transfer summary, but would be discussed during that budget item. The list of typographic errors distributed to the Committee included the corrections on Page 12-2 related to the Certified Local Government/SHPO and the line item below it as unnecessary and should be deleted. Totals for the fund are not affected by this typographical entry.

Committee Action: Motion made by Councilor Price, seconded by Cindy Price to tentatively approve the City Manager Administration Budget. (Motion carried.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, Janet Miltenberger, and Mayor LaMear voted yes.

Municipal Court

City Manager Estes briefly described the purpose of the Municipal Court budget. Police Chief Johnston explained one key policy change being considered this year was changing the items cited into the Astoria Municipal Court so the City would not incur the many fees and expenses associated with incarcerating individuals, which would have a significant fiscal impact on the budget. Incarceration costs were previously in the Police Department's budget, but were moved to the Municipal Court for FY 2015-2016.

The Astoria Police Department had the option to cite into the circuit court instead. He described the violations that would go to Municipal Court and the existing court schedule. Staff explained how the Municipal Court would be restructured and addressed clarifying questions from the Committee, noting the budget provides an allocation but the specific amount would be negotiated between the City Council and municipal court judge, which could be below than what was budgeted.

Reviewing the municipal court judge, indigent defense and the city attorney contracts was suggested in light of potential workload shifts. A breakdown of how their time was spent should be included.

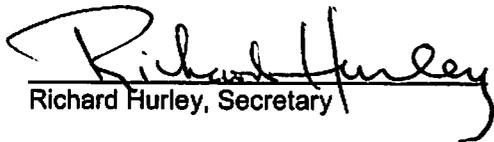
^{Celia}
Cecilia Davis, 1354 Miller Lane, Astoria, asked what the impact would be to the citizens if municipal cases went to the State circuit court. Police Chief Johnston explained only those cited or arrested for crimes, not citations, would be affected. He described the differences in schedules and procedures between the municipal and circuit courts.

Committee Action: Motion made by Richard Hurley, seconded by Councilor Price to tentatively approve the Municipal Court Budget. (Motion carried.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, Janet Miltenberger, and Mayor LaMear voted yes.

Staff distributed a summary of the corrections made to the budget and a list of debts, loans, and leases, which was requested last year and updated for FY 2016-2017.

Chair Mathews adjourned the meeting at 9:08 pm.

ATTEST:


Richard Hurley, Secretary