

The third meeting of the City of Astoria 2016-17 Budget Committee was held at the above place at the hour of 7:00 pm, which was a continuation of the meeting held on April 21, 2016.

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

Committee Members Excused: None.

Staff Present: City Manager Estes, Finance Director Brooks, Financial Analyst Snyder, Assistant City Manager/Police Chief Johnson, Fire Chief Ames, Parks Director Angela Cosby, Public Works Director Cook, City Engineer Jeff Harrington, and Public Works Director Ken Cook.

The meeting was called to order by Chair Mathews.

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

Chair Mathews invited public comment.

Will Caplinger 3792 Duane St, Astoria, stated the expenditure of funds spent over the past several decades to promote the Goonies' attraction have all been illegal. He believed City Council should use those funds to restore the neighborhood, which has been virtually destroyed after being turned into a de facto commercial zone by the illegal activities of both the Council and Chamber of Commerce.

Roger Warrenton 502 37<sup>th</sup> Street, stated he was told by a Councilor today that there were no more promotions for the Goonies by the City and the Chamber, and that was completely over with, not just the house, but there's no new promotions at all going on right now. But that's not the case as you still see it all over place. He wanted to speak to some mitigation going on and would like to see some funds go to mitigating the damage in the neighborhood. They have a lot of suggestions and ideas about having the neighborhood restored. He appreciated the Committee's consideration.

Cheryl Waite, 486 47<sup>th</sup> Street, Astoria, said she read in the newspaper about the proposed 6 percent rate increase for Public Works and noted she was on a fixed income, like many people in Astoria. She did not feel Public Works should be able to do that since citizens are already getting hit with a surcharge. She also works for a nonprofit and the 6 percent rate increase would cause all of Astoria's landlords to raise rents, making every rental in this town less attainable for lower income people. Which will put less money into this economy, people don't go out to eat, they don't shop or go to the movies, they buy less groceries and use the Food Bank more, which was suffering. People can't afford to do anything because they are paying their utilities bills. She asked Mayor LaMear, the City Councilors, and Budget Committee members to please consider the people of Astoria before voting yes on the 6 percent rate increase for Public Works.

**INDIVIDUAL BUDGET CONSIDERATION**

Promote Astoria Fund

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

City Manager Estes stated Staff had given a presentation on the Promote Astoria Fund at the first meeting and had nothing further to present. Staff addressed questions about the loan payoff for Heritage Square this fiscal year; the Astoria Downtown Historic District Association (ADHDA) Downtown Parking Enforcement officer; existing City ordinances and parking fines for downtown business owners and employees; installing a Portland Loo along the Riverwalk; and contracting services to increase the Parks Department's limited staff capacity.

Key discussion items included the lack of detail in the reports received from the Chamber; focusing Promote Astoria Funds on tourism related items, rather than promotion; and basing allocations from the Promote Astoria Fund on a percentage of gross transient room tax receipts. Richard Hurley suggested a committee be formed to conduct an independent and thorough review of the Promote Astoria Fund, similar to the one formed in Ashland to address issues related to the substantial growth of the Shakespearian Festival. Given the growth in Astoria's tourism, the City should focus on potential future needs and concerns regarding tourism growth and allocating transient room tax funds.

City Manager Estes clarified that State statute specifically identified what the Promote Astoria Fund can be used for and all budgeted funds, which included maintaining tourist areas and facilities, were in compliance. He confirmed the City's existing porta-potties are in compliance with the City's Comprehensive Plan.

The Committee discussed redistributing funds to address needs stemming from increased tourism citywide, such as enhanced trash pickup on the Riverwalk, additional and improved signage, providing matching funds for residents along home tours to fix sidewalks, improving parking, stainless steel upgrades for restroom facilities, and adding a porta potty at Barbey Center. The allocations for Community Organizations were also reviewed with discussion about changing the \$50,000 allocation. Given increasing pressures to increase funding for arts and culture, and the fact that the Parks Master Plan was not yet adopted, some Committee members preferred tentatively approving the Promote Astoria Fund as presented and having a more global discussion about future goals for the Promote Astoria Fund, all the funding requests, and how the funds are allocated.

City Manager Estes clarified that the budget provides a framework for expenditures approved by City Council, it does not set policy. Any additional expenditures, such as contracts for trash pickup, must be approved by City Council. He noted the Parks Master Plan includes other ideas for trash pickup that Council will consider. When the Parks Master Plan is completed this summer, Council would have some tough policy decisions to make when considering expenditures and prioritizing essential Parks and Recreation services.

Chair Mathews disclosed that he was associated with the Chamber of Commerce, but only in a nonpaying capacity, so he had no conflict of interest.

**Committee Action:** Motion made by Richard Hurley, seconded by Councilor Warr, to change the allocation formula so that 4 percent of the gross Transient Room Tax is allocated each year to the Arts and Cultural Fund.

The Committee discussed the history of increases to the Arts and Cultural Fund with procedural clarifications provided by Staff. While the idea of basing allocations on a percentage was generally acceptable, a broader policy discussion involving the Budget Committee and members of the public is needed.

**Vote:** (Motion failed 1 to 8 with 1 abstention) Richard Hurley voted yes. City Councilors, Herzig, Nemlowill, and Price, Loran Mathews, Shel Cantor, David McElroy, Janet Miltenberger, and Mayor LaMear voted no. Councilor Warr abstained.

**Committee Action:** Motion made by Councilor Herzig, seconded by Shel Cantor, to transfer \$25,000 from the Chamber of Commerce Lower Columbia Tourism Committee and \$25,000 from the Chamber of Commerce Visitor Services and Tourism Promotion into the Contingency Expenditure Fund. (Motion failed 4 to 5.) Shel Cantor asked for a showing of hand for the count. Chair Mathews did not vote.

**Committee Action:** Motion made by Richard Hurley, seconded by Councilor Warr to accept the \$47,000 amount for allocation to the Art and Cultural Fund as recommended by the Subcommittee. (Motion carried). City Councilors Warr, Herzig, Nemlowill, and Price, Loran Mathews, Shel Cantor, David McElroy, Richard Hurley, Janet Miltenberger, and Mayor LaMear voted yes.

Staff clarified that the Chamber is required to submit two reports. The report in the budget document was a midyear report; the final report would not be received until August. Staff was comfortable with reporting that was completed; however, the Code provides deference to Budget Committee. The Committee

expressed concern about the lack of detail regarding the Chamber's expenditures because it looked like the City's contribution was going to the Chamber's general operations.

**Committee Action:** Motion made by Janet Miltenberger, seconded by Councilor Herzig, that the \$125,000 distribution to the Chamber of Commerce Visitor Services and Tourism Promotion Committee be contingent upon the Chamber providing a specific delineation of how that contribution is used. Shel Cantor asked for a showing of hand for the count. (Motion failed 4 to 6).

**Committee Action:** Motion made by Councilor Price, seconded by Mayor LaMear, to tentatively approve the Promote Astoria Fund. (Motion carried 7 to 3) City Councilors Warr, Nemlowill, and Price, Richard Hurley, Loran Mathews, David McElroy, and Mayor LaMear voted yes. Councilor Herzig, Janet Miltenberger, and Shel Cantor voted no.

The Committee took a brief recess at 8:10 pm and reconvened at approximately 8:18 pm.

#### Public Works Improvement Fund

City Manager Estes described the purpose and key line items of the fund. Finance Director Brooks addressed questions about the City's limited investment policy, paying off early the debt related to the Slow Sand Filter, and how the Street Ends Improvement Project was being funded. Public Works Staff also addressed questions, namely about the Street Ends Improvement Project, describing the project and offering further details about grant funding and City's match obligations.

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

#### Public Works Capital Reserve Fund

City Manager Estes described the purpose of the fund, noting transfers of \$200,000 had been made from the Public Works Improvement Fund over the last four years and with this 2016-17 transfer, there would be enough funds to resand the slow sand water filters.

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

Councilor Herzig confirmed the proposed water and sewer rate increase fell under the Public Works Fund.

#### Combined Sewer Overflow Maintenance (CSO) Funds

City Manager Estes explained that the CSO Fund provided appropriations for completing the separation projects. Staff addressed questions about Professional Services and the timing of the requested loan proceeds and completion of the CSO projects, noting the delay on the 16<sup>th</sup> Street CSO resulted from delays in the college's project. The same contractor that began the 16<sup>th</sup> Street CSO Project would continue the work once the project resumes.

#### Combined Sewer Overflow (CSO) 16<sup>th</sup> Street Separation Fund 184

**Committee Action:** Motion made by Councilor Herzig, seconded by Councilor Price, to tentatively accept the Combined Sewer Overflow 16<sup>th</sup> Street Separation Fund 184. (Motion carried.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, Janet Miltenberger, and Mayor LaMear voted yes.

## Combined Sewer Overflow (CSO) Debt Service Fund

City Manager Estes described the purpose of the fund.

**Committee Action:** Motion made by Councilor Nemlowill, seconded by Mayor LaMear, to tentatively approve the Combined Sewer Overflow (CSO) Debt Service Fund. (Motion carried.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, Janet Miltenberger, and Mayor LaMear voted yes.

## Public Works Fund

Finance Director Brooks distributed a handout explaining the adjustment that broke out the transfers that were not previously noted.

City Manager Estes described the fund, which operated as an Enterprise Fund and included all the different divisions of the Public Works Department. Finance Director Brooks confirmed the proposed 6 percent increase would generate an estimated \$301,000 in revenue each year. She explained that increases in Materials and Personnel costs, which included benefits and insurance, were factors contributing to the proposed rate increase.

Public Works Director Cook explained that trees accounted for the biggest expense in maintaining publicly owned land, costing the City approximately \$15,000 to \$20,000 per year. He and City Manager Estes addressed several questions about the Water Sewer Rate Comparison Chart, which showed Astoria had a lower rate even with the proposed 6 percent increase compared to most cities. Over the years, Astoria's rates have been in line with Warrenton and Seaside, but the chart did not include the increased rates proposed in Warrenton and Seaside for 2016-17. The rates are about the same, even with Astoria's surcharge.

City Staff discussed the need for the increased rate, citing potential compliance issues with Federal and State requirements; the replacement of 1883 pipes, as well as rigid pipes with flexible pipe material in areas with land movement; and mandated low lead material upgrades to assure safe drinking water. Without the proposed rate increase, the City would also have to defer maintenance further, which would result in much higher rates in the future.

Committee discussion included developing a PR campaign to inform citizens about why the rate increase was necessary and the need to compare city median incomes to more accurately see the rate increase's impact on Astoria's citizens.

**Committee Action:** Motion made by Mayor LaMear, seconded by Richard Hurley, to tentatively approve the Public Works Fund. (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 Estes explained an email from resident Carolyn Kendrick asking questions about the Parks Operation Fund was only sent to the City Council and not the full Budget Committee. Staff had received the email this afternoon and would address Ms. Kendrick's questions, but had not been able to do so before tonight's meeting.

Shell Cantor asked for rough estimated additional infrastructure costs needed to meet the requirements associated with Astoria's population exceeding 10,000 residents. Public Works Director Cook replied the only changes would be \$7,000 for additional water testing and about \$3 million to \$5 million for another slow sand filter. He described the current constraints of the water treatment system, noting the capacity of the city's water filtration system was an impediment to business development. He confirmed that an additional seafood processor would strain the City's infrastructure more than an additional 1,000 people, which was also less probable.

City Manager Estes confirmed that Coast Guard staff and their families are included in Astoria's population count.

## CONSENT CALENDAR

### Special Revenue Funds

Unemployment Trust Fund  
**Revolving Loan Fund**  
**Housing Rehabilitation Loan Fund**  
**Building Inspection Fund**  
Emergency Communications Fund  
**Community Policing Fund**  
Parks Project Fund (Garden of Surging Waves)  
Maritime Memorial Fund  
Astoria Road District Fund  
State Tax Street Fund  
Trails Reserve Fund  
Local Improvement Debt Service Fund  
East Astoria Waterline Debt Service Fund  
7th Street Dock Local Improvement Debt Service Fund

### Enterprise Funds

Landfill Reserve Fund  
Cemetery Fund  
17th Street Dock Fund

### Fiduciary Funds

Aquatics Facility Trust Fund  
Astoria Public Library Endowment Fund  
Cemetery Irreducible Fund  
Logan Memorial Library Trust Fund

Finance Director Brooks distributed a handout regarding the Local Improvement Debt Service Fund.

The Revolving Loan Fund, Housing Rehabilitation Loan Fund, Community Policing Fund, and Building Inspection Fund were removed from the Consent Calendar for discussion.

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

Richard Hurley said he was waiting to consider the allocations for the Community Organizations, but realized it had been tentatively approved earlier. He reminded these allocations used to be discussed publicly in the fall before the community and Budget Committee, but it had passed without any discussion from anyone about anything.

Other Committee members expressed interested in discussing the allocations as well.

### Special Revenue Funds

#### Revolving Loan Fund

City Manager Estes briefly explained the background and purpose of the fund, describing the various ways funds are used and noting the fund was currently being used to back the purchase of the armory building. A brief history of the Craft3 purchase and the subsequent sale by Craft3.

Shell Cantor cited comments in the July 20, 2015 City Council meeting minutes regarding the \$100,000 loan with Craft3. He confirmed no other funds had been given to Craft3, or anyone else, and that the records regarding the Revolving Loan Fund were available back to its inception in 1986. He also confirmed that the \$100,000 was commensurate of the original loan amount. He stressed the importance of not losing track of the funds Craft3 was holding and suggested the explanation of the fund in the budget document also track the amount of money being held.

Finance Director Brooks explained that the Balance Sheet did reflect the \$100,000 as a receivable, so the money was not forgotten, and confirmed no money was owed to the City at this point. She clarified the action in July 2015 was to change the name from Enterprise Cascadia to reflect the current name, Craft3, to maintain continuity about who was managing the funds; no money were moved at that time. The City receives statements from Craft3 regarding payments, terms, who has loans, etc.

Financial Analyst Snyder described how the \$100,000 transfer was reflected in the actuals for FY 6-30-15, on Page 36.

**Committee Action:** Motion made by Councilor Price, seconded by Councilor Warr, to tentatively approve the Revolving Loan Fund. (Motion carried 9 to 0 to 1.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, and Janet Miltenberger voted yes. Mayor LaMear abstained.

#### Building Inspection Fund

Planning Director Cronin confirmed the building official to be hired was included in this budget.

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

#### Housing Rehabilitation Loan Fund

City Manager Estes described the background and purpose of the fund with additional comments by Financial Analyst Snyder. City Manager Estes clarified the low-income loans were for housing improvements, including weatherization, and were repaid when the subject property was sold. The City held a lien on the property. He described the process of getting Community Development Block Grants (CDBG).

Shell Cantor requested a meeting in July or August with Finance Staff and any interested Budget Committee members to discuss the following:

- The City received \$1.85 million in CDBG from 1993 through 2009. Most of those years, that money was earning about 5 percent and no loans were defaulted on. Theoretically, that money should have been worth more than \$2 million; however, the Actuals Column for FYE 6-30-14, on Page 38, showed \$530,000 in fund prior to it being closed. He would like to understand that better.
- On December 15, 2014, that City Council approved closing the fund and indicated how the funds would be distributed. In particular, \$168,217 would be transferred to the Capital Improvement Fund, which was correctly reflected on Page 32; however, Page 38, showed \$200,000. He wanted to know why those numbers did not agree.
  - Additionally, \$264,429 was to be transferred to the Community Action Team, which was the amount detailed in Exhibit B of the December 15<sup>th</sup> Council meeting. However, Page 38 showed \$331,000 in the Loan Disbursements line item.
  - He was also not able to reconcile the \$470,000 Prior Period Adjustment shown on Page 38 under FYE 6-30-15.
- Before the Housing Rehabilitation Loan Fund disappeared from the budgeting cycle, an accounting history of the original \$1.85 million was needed, including loan and other disbursements, collected interest and principal from the loans, earnings while idle, where the money was now and in what form, and what would become of repayments of principle plus interest of the related outstanding loans.

Financial Analyst Snyder agreed to schedule a meeting in July. He explained part of the answer was that the money was pass-through money. The City of Astoria never received \$1.85 million as that money was distributed in Columbia, Tillamook, and Clatsop Counties by the Community Action Team, and only a portion of the low-income loans came to the City of Astoria.

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

#### Community Policing Fund

Police Chief Johnson briefly described the fund, which did not fully embody the City's community policing efforts, and explained how the funds were used.

City Manager Estes confirmed for Councilor Herzig that changing the fund's name could be considered over the next year.

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

Janet Miltenberger noted those on subcommittee that made recommendations for grants to Community Service Organizations did not realize those recommendations were part of the Non & Interdepartmental Fund, so that budget was tentatively approved without any report.

Finance Director Brooks reviewed the recommended grant distributions for the Community Service Organizations and confirmed a percentage of the City's general fund budget is allocated to the Non & Interdepartmental Fund and that the full budgeted amount had been allocated. The gross amount requested was \$76,500 and \$53,460 was allocated to Community Organizations.

Councilor Price requested that the recommendations for the Community Service Organizations, as well as those for Arts and Culture, be provided in the future. It was difficult to make a decision without knowing what was requested and what the subcommittee recommended. Finance Director Brooks said she thought the report had been sent to the entire Budget Committee in March and would ensure the information was included in the full budget document next year.

The Committee discussed reservations about funding Helping Hands because it was located in Seaside, though Helping Hands had expressed interest in using the yellow county building to expand its services in Astoria. The closing of Pioneer House created a crisis for those without homes and Helping Hands was the only organization to offer such services. Like the Rescue Mission, Helping Hands had barriers that some homeless people will not comply with. Having more definition about how the funds could be granted was suggested. Police Chief Johnson clarified the Police Department did not directly refer people to Helping Hands, but it was a good resource for those without homes. The Police Department was seldom in a position where transporting people was necessary as other services and resources exist.

Shell Cantor noted last year some Councilors expressed interest in the City joining the County's Enterprise Zone. If Council was still interested, he suggested a new Business Incentive Fund be created next year that would provide the identical benefits and equivalent business incentives of an Enterprise Zone, while avoiding the restrictions of an Enterprise Zone and surrendering Council's authority, which would occur if the City joined the County Enterprise Zone. He described how enterprise zones functioned and the benefits to new businesses, noting how the City could provide the same incentives using the new fund.

#### **FINAL REVIEW AND MOTION TO APPROVE THE CITY OF ASTORIA BUDGET AS A WHOLE**

**Committee Action:** Motion made by Mayor LaMear, seconded by Richard Hurley, that the Budget Committee approve the City of Astoria 2016-17 Budget as a whole. (Motion carried 9 to 1.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, David McElroy, Janet Miltenberger, and Mayor LaMear voted yes. Shel Cantor voted no.

Shell Cantor explained he abstained last year because the Budget Committee was promised that the Chamber contract would comply with the Code, but this year there is not promise they will comply with the contract and he could not vote for a budget that did not comply with the contract between the City and Chamber of Commerce.

**MOTION TO SET TAX RATE FOR GENERAL FUND AT 8.1738 PER \$1,000 OF VALUATION**

**Committee Action:** Motion made by Councilor Warr, seconded by Councilor Nemlowill, that the Budget Committee set the Tax Rate for General Fund at 8.1738 per \$1,000 of Valuation. (Motion carried.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, Janet Miltenberger, and Mayor LaMear voted yes.

**MOTION TO ADJOURN CITY OF ASTORIA BUDGET COMMITTEE MEETING**

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

Chair Mathews adjourned the meeting at 9:53 pm.

**ATTEST:**



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Secretary