

The third meeting of the City of Astoria 2015-16 Budget Committee was held at the above place at the hour of 7:00 pm, which was a continuation from the meeting held on April 29, 2015.

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

Committee Members Excused: None.

Staff Present: Police Chief/Assistant City Manager Johnston, Finance Director Brooks, Financial Analyst Snyder, Fire Chief Ames, Public Works Director Cook, Parks Director Cosby, Library Director Tucker.

The meeting was called to order by Chair Mathews.

Budget Committee Review Schedule

Review of City of Astoria Departments/Funds for FYE 6/30/16

CONSENT CALENDAR

The Budget Committee consented to address each Consent Calendar item individually.

Special Revenue Funds

Unemployment Trust Fund

Financial Analyst Snyder explained the substantial difference from the 2014-15 adopted budget and the proposed budget was due to a \$30,000 transfer in this fiscal year that was not spent.

Committee Action: Motion made by Mayor LaMear, seconded by Councilor Price to tentatively approve the Unemployment Trust 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.

Revolving Loan Fund

Financial Analyst Snyder described the purpose for the fund and explained that the reduction was because money on account with Craft3 was not included in the budget; however, that amount would be found as a receivable in the financial statements. He addressed several clarifying questions about the fund's balances and relationship with Craft3 and the Derelict Building Program.

Councilor Warr described the City's relationship with Craft3 and confirmed Craft3 had to get City Council approval before spending any funds.

Committee Action: Motion made by Mayor LaMear, seconded by Councilor Nemlowill to tentatively approve the Revolving 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.

Housing Rehabilitation Loan Fund

Financial Analyst Snyder briefly described the history and purpose of the fund, and confirmed the fund was being closed and the money transferred to the Public Works Improvement Fund and Community Action Team according to a resolution passed by City Council. He explained that not all the money received stayed in the City of Astoria, but were distributed to residents in Tillamook and Clatsop Counties and around St. Helens; the City essentially acted as a fiscal agent for the grant funds received.

Committee Action: Motion made by Councilor Herzig, seconded by Mayor LaMear 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.

Building Inspection Fund

Finance Analyst Snyder stated he would correct the summary schedule under Materials and Services to match the detail page, which would result in the Unappropriated Ending Fund Balance being changed from \$123,440 to \$124,020. He explained the difference in Personnel Services was due to increasing one employee from part time to full time, and the retirement of Planner Rosemary Johnson. The Contract Building Inspection Services balance was to hire inspectors with a particular expertise.

Committee Action: Motion made by Richard Hurley, seconded by Janet Miltenberger 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.

Emergency Communications Fund

Police Chief/Assistant City Manager Johnston noted the balances for Technology and Miscellaneous were reversed and should state \$45,200 for Technology and \$7,000 for Miscellaneous. The 8.5 percent increase in Charges for Services was due to the addition of a FTE dispatch supervisor and because subscribers wanted a healthier Ending Fund Balance given the capital improvements required regarding technology.

Committee Action: Motion made by Councilor Price, seconded by Mayor LaMear to tentatively approve the Emergency Communications 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/Assistant City Manager Johnston explained the purpose of the fund and discussed the projects and programs the monies have funded in the past, which included a community policing officer about six years ago. Finance Analyst Snyder clarified that no fund balance was projected because all funds were budgeted to be appropriated.

Committee Action: Motion made by Shel Cantor, seconded by Councilor Warr 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.

Parks Project Fund (Garden of Surging Waves)

Finance Analyst Snyder explained the flow of funds, which included budget transfers, the DeMuro Estate bequest, and anticipated contributions, resulted in the difference between the adopted budget on 6/30/15 of \$100 and proposed Beginning Fund Balance \$80,670. Staff addressed several questions about the fund's purpose, line items, and the relationship between the Garden of Surging Waves and Heritage Square. All the money in the fund was intended for the Garden of Surging Waves and could not be spent on other projects due to the intent of the donors who contributed to the Garden. General parks donations did not go into this fund. Donors contributing to other parks would be directed to Parks Director Cosby for an interactive conversation about the intent of contribution and then put in touch with the Parks Foundation. Funds are created by a resolution of the City Council to protect different pots of money, such as the Library Fund which included funds donated for the new library. A Heritage Square fund would be established if there was a Heritage Square project.

Councilor Nemlowill discussed the need to clearly emphasize the intent that the funds were to go to the Garden of Surging Waves, rather than Heritage Square. People give money for a particular reason and that money must be protected per the intent of the donor. As a policy matter, City Council would have to adopt a resolution to clarify the fund's intent. Finance Analyst Snyder responded that Staff would consult with the mayor about bringing a resolution to City Council to rename fund and clarify what the money was to be used for specifically.

Finance Analyst Snyder clarified that although the two outstanding loans were related, they were not specifically for the Garden of Surging Waves, but Heritage Square, so repaying the loans from this fund was inappropriate. He described the details of the loan being repaid by the Astor East Urban Renewal District for Heritage Square and the Liberty Theatre. He clarified that the money owed the State was separate from the \$387,000 in urban renewal funds used for improvements to support any kind of development of the Safeway block, not the Garden of Surging Waves. Infrastructure improvements were the purpose for urban renewal districts. The urban renewal district was not expanded for the Garden of Surging Waves, but to include the Safeway block so urban renewal money could be used for some kind of development; that expansion happened long ago. Many ideas about how to develop the area were discussed and the one project that was actually constructed was the Garden of Surging Waves.

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

Councilors Herzig and Price echoed Councilor Nemlowill's comments, adding the City must define terms and be more clear about what projects were and what was involved so Council could be clear about what the City was doing and why. Councilor Price expressed concern about the urban renewal district being so drawn down and asked that more attention be paid to that, especially with the potential development of Heritage Square.

Police Chief/Assistant City Manager Johnston added once approved, the published budget would have explanations of all the funds. That information had not been included in the draft budget for a couple of years, which Staff realized was an error, so fund explanations would be in the draft budget in future years.

Maritime Memorial Fund

Finance Analyst Snyder confirmed the \$76,000 for improvements other than buildings was a placeholder, though some smaller projects were anticipated.

Committee Action: Motion made by Mayor LaMear, seconded by Councilor Warr to tentatively approve the Maritime Memorial 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.

Astoria Road District Fund

Finance Analyst Snyder described the fund's purpose and addressed clarifying questions, noting the local gas tax was scheduled to sunset in 2017, so Staff would be bringing actions for Council's consideration. The proposed budget was lower due to the biannual street maintenance project completed during the current fiscal year, so the money would build up again.

Committee Action: Motion made by Councilor Price, seconded by Janet Miltenberger to tentatively approve the Astoria Road District 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.

State Tax Street Fund

Finance Analyst Snyder described the fund's purpose and described how funds were transferred to Public Works and ultimately to the Street Department budget. He did not know what funds would be used to pay for Council's goal to evaluate the chair walls.

Committee Action: Motion made by Councilor Warr, seconded by Mayor LaMear to tentatively approve the State Tax Street 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.

Trails Reserve Fund

Finance Analyst Snyder described the fund's purpose. Staff clarified the limitations regarding the use of the funds.

Committee Action: Motion made by Councilor Price, seconded by Councilor Warr to tentatively approve the Trails 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.

Local Improvement Debt Service Fund

This item was tentatively approved at the April 29, 2015 Budget Committee meeting.

East Astoria Waterline Debt Service Fund

Finance Analyst Snyder described the fund and responded to clarifying questions.

Committee Action: Motion made by Councilor Price, seconded by Mayor LaMear to tentatively approve the East Astoria Waterline 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.

7th Street Dock Local Improvement Debt Service Fund

Finance Analyst Snyder described the fund's purpose, reviewing its history and responding to clarifying questions. Finance Director Brooks said she would provide the Committee with a list of the City's various loans, including the original balances, remaining principle, interest rates, pay off date, etc.

Committee Action: Motion made by Councilor Price, seconded by Councilor Nemlowill to tentatively approve the 7th Street Dock Local Improvement 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.

Enterprise Funds

Landfill Reserve Fund

Finance Analyst Snyder reviewed the history of the fund, noting its proposed closure now that the project was complete. The remaining balance would be transferred to the Public Works Improvement Fund to pay down the balance of the loan to reduce the payments.

Committee Action: Motion made by Richard Hurley, seconded by Councilor Warr to tentatively approve the Landfill 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.

Cemetery Fund

Finance Analyst Snyder reminded the fund had been transferred to the Parks Department and explained the resource amount remaining was a placeholder in case a capital project arose. Any proposed project would have to be approved by City Council. Staff explained how cemetery fees were split between the Irreducible Fund and Parks Operation Fund, and that the Cemetery Fund balance of \$52,000 was to be used for capital projects according to Council's resolution. Key discussion points included the need to consolidate smaller funds, which could still be used as earmarked, and include Code references related to the establishment of the fund so the Committee might better understand how and why various funds were designated. Having the Committee review and ask questions about the budget much earlier in the process was also suggested.

Committee Action: Motion made by Mayor LaMear, seconded by Councilor Price to tentatively approve the Cemetery 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.

17th Street Dock Fund

Finance Director Snyder addressed clarifying questions and explained that given the significant improvements made to the dock, the City did not anticipate needing much for repairs, so some funds were used to fund the fire truck. The appropriation of \$200,000 for Improvements Other Than Buildings was to improve the parking lot across from the dock and would be transferred to Public Works.

Budget Committee members discussed concerns about setting a precedent for paying for other things and the importance of building up reserves for major repairs or projects that would come in the future. Appropriating funds for items unrelated to the 17th Street Dock was a policy decision to be made by City Council.

Committee Action: Motion made by Councilor Nemlowill, seconded by Councilor Warr to tentatively approve the 17th Street Dock 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

Chair Mathews called for a short break and reconvened the meeting at approximately 8:31 pm.

Shel Cantor inquired whether the County charged the City to put a referendum or names on the ballot. Councilor Herzig and Finance Director Snyder responded there were charges for special elections and charges for a general election depended on the number of issues on the ballot.

Fiduciary Funds

Aquatics Facility Trust Fund

Finance Director Snyder described the purpose of the fund, noting only \$6,390 was restricted for the purchase of a pool cover. Director Cosby described the challenges involved with having covers on indoor pools. Staff would research what would be involved to get the restriction removed.

Committee Action: Motion made by Councilor Price, seconded by Janet Miltenberger to tentatively approve the Aquatics Facility Trust 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.

Astoria Public Library Endowment Fund

Shel Cantor questioned the benefit of coalescing funds into a single fund as discussed because each sub fund would still need to be detailed and include a description. He noted the amount spent from each fund was provided, but not how much money was available.

Library Director Tucker addressed questions about the Auburn Extension and described the funds included in the endowment fund, where the principle was kept in reserve and only a small amount of the interest could be spent. Finance Analyst Snyder stated \$111,920 represented the restricted amount.

Committee Action: Motion made by Councilor Nemlowill, seconded by Mayor LaMear to tentatively approve the Astoria Public Library Endowment 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.

Cemetery Irreducible Fund

Finance Analyst Snyder clarified the bulk of the interest on the \$800,000 was used for operations and put into the Parks Fund for maintenance.

Committee Action: Motion made by Councilor Price, seconded by Councilor Nemlowill to tentatively approve the Cemetery Irreducible 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.

Logan Memorial Library Trust Fund

Finance Analyst Snyder reviewed the purpose and history of the fund. Staff explained that the city

attorney had advised caution when using the fund because the fund monies were intended for construction and using too much of the money for soft costs might endanger that decision. Other library donations could not be mixed in with the Trust Fund as the funds must be maintained and used for construction of the library.

The Budget Committee expressed concern about approving the \$100,000 for Professional Services given the discussed restrictions. Staff was comfortable with the proposing the budget as presented. The \$100,000 was being allocated so the amount could be spent, but both the city attorney and City Council would have to approve the actual expenditure of the funds.

Councilors Nemlowill, Herzig, and Price noted they would be looking very carefully at authorizing the expenditure.

Committee Action: Motion made by Councilor Nemlowill, seconded by Councilor Herzig to tentatively approve the Logan Memorial Library Trust 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.

Chair Mathews called for additional comments.

Mayor LaMear confirmed the \$250 expenditure for dues for the Sister Cities International Program.

Councilor Herzig asked that City Council be provided information about accessing the Sister Cities program online, which was password protected. As a City Council function, and because the dues were a Council expenditure, the entire Council should be given more access to the program.

Shel Cantor said that after reviewing loan information found in audit reports from prior years, he identified at least four loan candidates to consider for early repayment, which would save the City approximately \$70,000. To have the flexibility to pay off the loans in advance, funds needed to be moved where they would be accessible should Council decide to pay off loans utilizing Promote Astoria Fund and Capital Improvement Fund. The other two loans had no restrictions with regard to contingency and could be paid off from the \$2 million Contingent Fund in the General Fund.

The Budget Committee and Staff discussed the potential for increasing the contingencies enough to pay off the loan balances as well as the restrictions related to contingency funds. The process and protocol for City Council to make changes to the budget recommended by the Committee and to the adopted budget was reviewed. Transferring the subject funds into the Debt Service was also discussed. As a matter of practice, the Finance Department did a good job at looking for opportunities to get better rates and taking advantage of those opportunities when possible. Early loan payoffs were a Council decision and Staff had not received this direction for budget preparation.

Committee Action: Motion made by Shel Cantor, seconded by Councilor Price to move \$200,000 from currently unallocated funds of the Ending Fund Balance of the Promote Astoria Fund into Heritage Square Principle Payment line item to pay off a loan of \$210,000 at 4.5 percent due October 2017.

Concerns were expressed and discussion continued about locking the funds into a line item where it could not be used later, and the lack of information regarding the subject loan, such as whether it had a prepayment penalty. Councilor Warr noted the city manager mentioned plans for the Promote Astoria Fund and he was uncomfortable making this decision without further discussion about those plans. Earmarking the funds within the Promote Astoria Fund and transferring them to Tourism related Facilities was also discussed.

Councilor Warr called the question.

(Motion failed 4 to 6.) City Councilor Price, Shel Cantor, Janet Miltenberger, and David McElroy voted yes. City Councilors Warr, Herzig, and Nemlowill, Loran Mathews, Richard Hurley, and Mayor LaMear voted no.

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

Committee Action: Motion made by Councilor Warr, seconded by Richard Hurley that the Budget Committee approve the City of Astoria 2015-16 Budget as a whole. (Motion carried 9 to 0 to 1.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, David McElroy, Janet Miltenberger, and Mayor LaMear voted yes. Shel Cantor abstained.

Shel Cantor explained he supported every fund except the Promote Astoria Fund because it was not in compliance with the City of Astoria Code Section 8.045.18, which required contracted organizations to submit semiannual financial reports and that the Budget Committee review those reports to make appropriate recommendations to City Council. The Committee had not adhered to this process for more than a decade and he could not in good conscience approve the fund when it did not comply with Code. Because he could not vote against a singular fund, he chose to abstain from the vote.

George McCartin noted he was the only citizen present at every session, and the only person that spoke at the Budget Committee meetings. On behalf of the citizens that did not attend the budget process, he thanked the Budget Committee members for their tremendous dedication and questions. He agreed with Mr. Cantor about wanting to see many more changes, but understood such changes might need to come from policy direction by City Council. He was happy to see a new mayor and finance director, the changes in the subjective and informational parts of the budget, transparency, and the responsibility to which the Committee adhered to their duty of properly and responsibly appropriating tax payers' money.

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

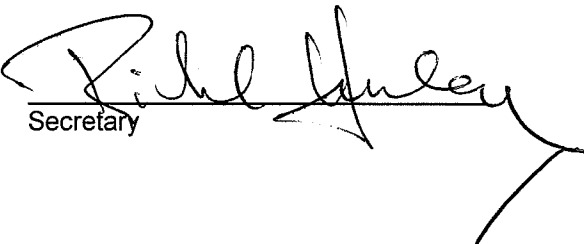
Committee Action: Motion made by Councilor Warr, seconded by Councilor Price that the Budget Committee set the Tax Rate for General Fund at 8.1738 per \$1,000 of Valuation. (Motion carried.) City Councilors Warr, Herzig, Nemlowill, and Price, Richard Hurley, Loran Mathews, Shel Cantor, David McElroy, 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 Mayor LaMear 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 9:18 pm.

ATTEST:


Secretary