

A regular meeting of the Astoria Common Council was held at the above place at the hour of 7:00 p.m.

Councilors Present: LaMear, Herzig, Warr, Mellin, Mayor Van Dusen

Staff Present: City Manager Benoit, Parks and Recreation Director Cosby, Finance Director Carlson, Fire Chief Ames, Planner Johnson, Community Development Director Estes, and Public Works Director Cook. Police Chief Curzon arrived at 7:50 p.m. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

REPORTS OF COUNCILORS:

Item 3(a): Councilor Herzig had no reports.

Item 3(b): Councilor LaMear reported she attended the walk through of the Astoria Column with the landscape architect and was fascinated to hear the landscape architect's suggestions. Being at the Column and looking out over the view helped her understand the best way to landscape the area.

Item 3(c): Councilor Warr reported that he also attended the walk through at the Column and a dinner with the landscape architect, Laurie Olin. Mr. Olin, who is well known worldwide, was commissioned by the Friends of the Astoria Column. His other projects include the Washington Monument and the new Apple campus. He was impressed by Mr. Olin's statement which he quoted, "This Column belongs to the people of Astoria. We are looking to please them, and then we will worry about visitors."

Item 3(d): Councilor Mellin had no reports.

Item 3(e): Mayor Van Dusen noted that Dulcye Taylor, President of the Astoria Downtown Historic District Association (ADHDA), was present. He commended Ms. Taylor and the ADHDA did a great job hosting a local shopping event and lighting the downtown area on Saturday, November 30, 2013. The Liberty Theatre was packed with children and Santa visited.

Dulcye Taylor said the event was great despite chilly and misty weather. She thanked those who attended and noted that the *Daily Astorian* published a story about the event. It can be challenging to gather volunteers, but the Christmas Club always follows through. Alana Garner also helped to recruit volunteers. The children enjoyed free movies and Santa. Mayor Van Dusen added that many volunteers, like Tim and Melba O'Bryant, use their vacation time at work to put up the Christmas lights. The City is proud of the event. Ms. Taylor said the lighting makes Downtown beautiful.

CHANGES TO AGENDA: No changes.

CONSENT CALENDAR:

The following items were presented on the Consent Calendar:

- 5(a) City Council Minutes of 11/4/13**
- 5(b) City Council Work Session Minutes of 11/4/13
- 5(c) Boards and Commission Minutes
 - (1) Historic Landmarks Commission Meeting of 10/15/13
 - (2) Planning Commission Meeting of 10/22/13
 - (3) Traffic Safety Committee Meeting of 10/22/13
- 5(d) Salary Resolution (Finance)**
- 5(e) Emergency Repairs to Pump Station #1 (Public Works)

Councilor LaMear requested Item 5(d) be removed from the Consent Calendar for further discussion. Councilor Herzig requested Item 5(a) be removed for further discussion.

City Council Action: Motion made by Councilor Warr, seconded by Councilor Mellin, to approve Items 5(b), (c), and (e) of the Consent Calendar. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Herzig, Mellin, and Mayor Van Dusen; Nays: None.

Item 5(a): City Council Minutes of 11/4/13

Councilor Herzig noted the first sentence on the City Council minutes of November 4, 2013 and asked if City Council is now referred to as the Common Council. City Attorney Henningsgaard believed the City Council was referred to as the Common Council in the charter. Mayor Van Dusen believed this was correct.

Councilor Herzig made the following corrections to the City Council minutes of November 4, 2013:

- On Page 7, the speaker in last paragraph is, "Bernie ~~Dewitt~~ **Wood**".
- On Page 15, the third sentence of the fifth paragraph should state, "He clarified that two separate meetings were conducted on the same ~~night~~ **day** in the same location." Councilor Herzig clarified he was referring to daytime meetings with Craft3.

City Council Action: Motion made by Councilor Herzig, seconded by Councilor LaMear, to approve Item 5(a) of the Consent Calendar as corrected. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Herzig, Mellin, and Mayor Van Dusen; Nays: None.

Item 5(d): Salary Resolution (Finance)

Councilor LaMear asked who served as the Finance Operations Supervisor. City Manager Benoit said Sue Dohaniuk was the Finance Operations Supervisor.

City Council Action: Motion made by Councilor LaMear, seconded by Councilor Herzig, to approve Items 5(d) of the Consent Calendar. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Herzig, Mellin, and Mayor Van Dusen; Nays: None.

REGULAR AGENDA ITEMS

Item 6(a): Sale of Excess City Property – Schedule Public Hearing (Public Works)

On November 18, 2013, the City Council reaffirmed the process for the sale of excess properties, and directed staff to schedule public hearing for properties on which offers had been made. The seven parcels are as follows:

1. 5300 Block of Alder Street, Alderbrook, Lots 4 & 5, Block 128, Van Dusen Addition
2. 1st & West Grand, Uniontown, Lots 1 & 2, Block 80, McClure's
3. 400 Block 3rd Street, Uniontown, Tax Lot 600, McClure's
4. 4600 Block of Birch & Ash Streets, Alderbrook, Lot 3, Block 14, Alderbrook & Unplatted Parcel
5. 4700 Block Ash Street, Alderbrook Area, Lots 4, 5, & 9 and east 30' of Lot 10, Block 13, Alderbrook Addition
6. 1600 Block of 5th Street, Lots 5 & 31, Block 4, South Slope
7. 600 Block of Exchange Street, Lot 6, Block 40, McClure's

It is recommended that the City Council schedule a public hearing for December 16, 2013 to take public comment on the potential property sales and approve, deny or modify the conditions of the property. Note that detailed information and maps associated with each property are included with the staff report. The information and maps have also been uploaded to the City's web site at www.astoria.or.us on the home page under the "NEWS" heading.

City Manager Benoit added that additional copies of the information packets were available at the meeting.

Councilor Mellin stated that the public hearing will keep the process moving along and she recommended that the public hearing be scheduled.

Mayor Van Dusen clarified that the Van Dusen property in east Astoria was a subdivision years ago and his family no longer has any connection to the property other than the name.

Councilor Herzig believed people in the audience wished to speak about the sale of City properties and noted that those comments could be made during Item 7: New Business, Miscellaneous, and Public Comments because a motion and a second had already been made.

City Council Action: Motion made by Councilor Mellin, seconded by Councilor Warr to schedule a public hearing for December 16, 2013 to take public comment on the potential property sales and approve, deny or modify the conditions of the property. Motion carried 4 - 1. Ayes: Councilors LaMear, Warr, Mellin, and Mayor Van Dusen; Nays: Councilor Herzig.

Item 6(b): Ordinance for Proposed Vacation of a Portion of Duane Street Right-of-way (2nd reading and adoption) (Public Works)

The City is currently working on acquisition of real property located at 1636 Exchange Street (Armory Building) and the adjacent parking lot at the 1600 Block Duane Street owned by the Columbia River Maritime Museum. To facilitate the acquisition, the City needs to vacate a portion of Duane Street between 17th and 18th Streets. The right-of-way is 40 feet in width with the north 20 feet being previously vacated. The previous 20-foot wide vacation was full block while the current request is for the easterly 200 feet of the block. Staff has determined that the area to be vacated does not appear to have any potential as an access route, but believes an easement should be established for future utilities. Since this vacation has been initiated by the City, there is no assessment required and the vacated portion of the right of way will revert back to the adjacent property owners. At their meeting of November 18, 2013, the Council conducted a public hearing and the first reading of the ordinance of vacation. It is recommended that the Astoria City Council conduct the second reading and adopt the ordinance to vacate of a portion of the Duane Street right of way. Note that City Attorney Henningsgaard has drafted a Memorandum of Agreement relating to "access issues" that is acceptable to both the Moose Lodge and the Maritime Museum.

Mayor Van Dusen invited Ken Chapman to speak.

Ken Chapman, Moose Lodge, thanked City Attorney Henningsgaard for writing the agreement. The first agreement was unworkable for the Moose Lodge, but the agreement written by City Attorney Henningsgaard reflects the original verbal agreement between the Moose Lodge and Maritime Museum. He had a few small reservations about the agreement, for example, the lack of incentive for the Maritime Museum to follow through once the street is vacated. The Moose Lodge must assume the museum will comply with the agreement. Otherwise, he promised to sign the agreement.

Councilor Herzig asked how delivery vehicles would gain access 24 hours a day, 7 days a week. City Attorney Henningsgaard stated that during discussions, the Maritime Museum agreed to provide the phone number of an individual who has the key. The museum and the lodge must work out who this individual will be and how that communication will take place. Councilor Herzig said he was concerned because City Council promised a satisfactory conclusion. It seems a lot to ask of an individual to be available 24 hours a day, 7 days a week and this individual has not been determined. He was concerned there was no mechanism in the agreement for making the arrangement work. City Attorney Henningsgaard said both parties, the Moose Lodge and the Maritime Museum, are satisfied with the agreement and that topic did not come up.

Councilor LaMear recused herself, as she is an employee of the Maritime Museum.

David Pearson, 3593 Franklin Street, Astoria, Planning Commission member, and curator at the Maritime Museum, stated that the Moose Lodge and Maritime Museum have been good neighbors for 50 years and the museum has no intention of changing that at this time and assured the details would be worked out with the lodge. It was the museum's intention to give the lodge a cell phone number of the museum's duty officer, a position that is rotated through the staff. This would allow the lodge to have access 24 hours a day. He anticipated the details of the agreement would be worked out as they go.

The second reading was read by Community Development Director Estes.

City Council Action: Motion made by Councilor Mellin, seconded by Councilor Warr to adopt the ordinance to vacate of a portion of the Duane Street right-of-way. Motion carried unanimously. 4 to 0. Ayes: Councilors Herzig, Warr, Mellin, and Mayor Van Dusen; Nays: None; Recused: Councilor LaMear.

Item 6(c): Proposal to Allocate City Funds to Assist Citizens Experiencing Financial Hardships with Utility Bills (Councilor Herzig)

At the August 19, 2013 City Council meeting, Councilor Herzig proposed establishment of a Utility Assistance Program (UAP) for low income Astoria residents struggling to make their utility (water/sewer) bi-monthly payments. At the direction of Council, staff has been working on the program details and has identified four issues to be addressed: (1) From what fund should the funds be drawn; (2) What eligibility criteria should be used for distributing the funds; (3) Who will be responsible for administering the program's eligibility requirements; and (4) The number of times an applicant can access the program in a given year. Findings and recommendations are detailed in the associated staff report.

Councilor Herzig believed City Manager Benoit, Director Carlson, and George Sabol from Clatsop Community Action did a great job on this program. He had distributed copies of a similar program in the City of Portland at the dais. Portland allows applications any time of the year and do not require late payment or cut-off notices. Their monthly income limit for one person is under \$1,800, which is almost twice the limit proposed for Astoria at \$957. This program is not an entitlement, as the income limit for a single person is at the poverty level. People need this program; there is no question that poverty is affecting people in Astoria. He complimented Director Carlson for finding a way to fund the program without raising the water and sewer rates. He suggested that any application only apply to the current billing cycle, but individuals could apply as often as necessary. Over structuring the program at this point would be a mistake because the program must be flexible enough to meet the needs of the people. He believed allowing one application per billing cycle would be the best way to find out how the program will work. He also suggested that both the delinquent payment and shut off notices be used as a notification method. The delinquent payment notice should include a note that financial assistance is available. The shut off notice, which is a door hangar, would serve as a last notice. Once a citizen receives a shut off notice, there may not be enough time to apply for assistance before the water service is turned off. These residents would then receive a waiver of the fee to turn service back on. It is not good to push people over the edge before offering assistance. The City found that the short notices given about the sale of City properties did damage to people. This was an innocent mistake; however, the City cannot make that mistake again with this program. A shut off notice with seven days to apply for assistance, knowing that seven days may not be enough time to process the application before water is shut off, would be making the same mistake twice with dire consequences. Notifying people of assistance with the delinquent payment notice would give people at least two weeks. The shut off notice would have the same message about available assistance.

Councilor Warr asked what income limits would be used to qualify applicants. City Manager Benoit said the table included in the staff report outlines the eligibility guidelines. For a single person, the income guideline would be \$957, \$1293 for two people, \$1628 for three people, and so on. Councilor Warr believed that Mr. Sabol should have a good deal of input on the mechanics of the program since he will be administering the program. He was concerned that funds would run out if the program is too liberal. Once the \$10,000 in funds is gone, the program would have to be shut down.

Mayor Van Dusen invited Mr. Sabol, Clatsop Community Action Director, to speak. He noted that Community Action offered to administer the program free of charge.

George Sabol, 922 Knock Wood Drive, Hammond, said the City would not be charged, as the City gives funding to various agencies. Administering the program for free is Community Action's way of showing its appreciation. He was also concerned about setting the level too high. Community Action administers only one other program with levels as low as this program. He believed Councilor Herzig had valid concerns. The levels for this program may be too low because they are in line with the poverty level. Starting the program with low levels will prevent the City and Community Action from getting overwhelmed. If there are not that many applicants, the City can raise the income levels from 30 percent average median income (AMI) for the county to 50 percent AMI. In Clatsop County, 30 percent AMI is below the federal poverty level. The energy program that offers assistance for other utilities, which is federally funded, has a limit of 60 percent AMI. People will need to be very low income to

apply for this program. He promised staff that Community Action would do what it could. His only concern is that as soon as gold letters were received, the program would be inundated with applicants. He understood that Councilor Herzig did not want to put people in extremis. If Community Action cannot handle the number of applicants, they may request that notices be sent out only with the green card. He was also concerned about allowing people to apply every billing cycle, as funds are limited. The time it takes to process the applications was a big concern. Community Action does not have extra staff and currently has a waiting list of 200 people who have applied for energy assistance. This program will be an added burden.

Councilor LaMear noted that the limited funds of \$10,000 would not go very far when water bills begin to get paid. She believed the applicants should only be allowed to receive assistance twice a year, which would serve 67 households. She is concerned that only offering assistance upon receipt of a green card, the shut off notice, will serve as an incentive for people to ignore a gold card, the delinquent notice. Mr. Sabol understood, noting that this is a dilemma, adding Community Action may need to process a lot more clients that will ultimately be denied assistance because they make too much money. This is time consuming and may give people false hope. People who receive the gold card need to know that they must be at the poverty level. He has been told by staff that many people receive gold cards, but pay their bill because they do not need assistance. He was concerned that people who can afford to pay their bill would apply for assistance because they received notice that assistance was available. This would turn the program into an entitlement program, which Community Action is trying to avoid.

Councilor Herzig explained that the letter would specify income limits, which are extreme poverty, would prevent many people from believing they would qualify for assistance. He did not understand the concern that hundreds of people would apply even though their income limit is too high. Mr. Sabol agreed that the limits are extreme poverty; however, his experience is that people who do not qualify will apply for assistance. This is very time consuming. Community Action offers these people counseling and referrals to other programs.

Councilor Mellin was concerned the program will disappoint many people because the funds are so limited allowing so few people to be served. Community Action will have a lot of angry people when they apply for assistance and find out the funds have already been spent. Mr. Sabol agreed that is another concern. Community Action has volunteered to help the City and they will try to run the program. His biggest concern is that the program is successful and the City gives the program more funding, and he does not have the staff to accommodate a growing program. Currently, his staff can handle about 60 families over a one-year period.

Councilor Warr stated he would like to see a mechanism to accommodate elderly people who have overwhelming medical expenses and must choose between buying food and paying a utility bill, even if they have a higher income; however, he was unsure how to accommodate these people within the parameters of this program. Mr. Sabol said this is what Community Action does on a daily basis, which is why City Manager Benoit has given Community Action some flexibility. If a situation like that occurs, Community Action will examine the person's financial records further and take all aspects of the situation into account. He asked for this flexibility so that Community Action can help those who would not receive assistance if the program were more rigid.

Councilor Mellin said so little money is available for the program that it will be spent quickly. She has worked with poverty programs and believes the amount given to this program will not go far. This assistance will help someone, but will not change someone's life. Mr. Sabol agreed and added that Community Action may be able to help people with other programs once they walk through the door. It is surprising how many people do not ask for assistance. The energy assistance program is an entitlement program, as recipients do not have to be delinquent in a payment. Applicants who meet income guidelines receive a credit based on their income. This is a federal program and there are people who never apply for it. People will come in for other things and are told about the program; however, people will say they do not need it. Community Action explains to people that this credit can allow them to save money that can be used to pay rent or the water bill. The UAP will get people in the door, allowing Community Action to help them in other ways.

Councilor Mellin asked how much the federal program gives out. Mr. Sabol explained that Community Action runs five different energy programs. Clatsop County expended about \$500,000 in 2012 on 2,000 families. Community Action never saw one cent of that funding in the agency. The paperwork is processed and sent to the utility company and the state Community Action team. Funds are distributed directly to the utility company, not the individual.

Councilor Herzig agreed that \$10,000 was not very much. The City has set this amount and it can be raised at the next budget meeting in 2014. The financial director has determined that donations to this fund would be tax deductible, so the funds can be raised through donations. The City has control over the fund. While the City does not have money to throw away, the program serves the neediest of Astoria's citizens. The City must assist these people. He has spoken to local churches and other organizations, who have offered to assist with intake. He understood that this would be a burden on Clatsop Community Action. Many area churches have robust anti-poverty programs and know that the need exists. If the program is set up with the delinquent notice as a trigger and the number of applicants overwhelms Community Action, the City can provide assistance with the intake process. He understood the concerns, but stated the program must get going. It is a moral duty for the City to take care of its citizens, including seniors. He asked everyone to imagine living on \$957 a month, and then having their water turned off. The City must not do this to people and must provide assistance before they reach that point.

Mayor Van Dusen believed City Council should approve the program. His only concern was that funding did not come out of the water rates. Water rates should be set at the cost of running water. At one time, Bumblebee Seafoods used 18 percent of the water. Should Bumblebee Seafoods return to Astoria, the water rates would decrease. His concern was alleviated by City staff. He agreed with Councilor LaMear that citizens be allowed to receive assistance twice a year. He also believed notice of assistance should only be given with the green card. The City has never offered this program before and it could grow; however, he believed the program should start out at a lower level to see how it works. While \$10,000 seems minimal, it is still \$10,000.

Councilor Herzig thanked City Council for considering the program and thanked staff and Mr. Sabol for working on the program. He said he could agree with allowing applicants to receive assistance for two billing cycles per year; however, he has said from the start that he would not support the shut off notices as the mechanism for offering assistance. He would vote against the program if this were proposed. Unless the City Council is willing to go a day without water and put themselves in the same position they will be putting others into, he did not see how Council could insist on the shut off notices as the trigger mechanism.

City Council Action: Motion made by Councilor Herzig, seconded by Councilor LaMear to establish a Utility Assistance Program (UAP) for low income Astoria residents struggling to make their utility (water/sewer) bi-monthly payments. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Mellin, Herzig, and Mayor Van Dusen; Nays: None.

City Council Action: Motion made by Councilor Mellin, seconded by Councilor Herzig to allow applicants of the Utility Assistance Program (UAP) to receive assistance no more than two times each year. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Mellin, Herzig, and Mayor Van Dusen; Nays: None.

City Council Action: Motion made by Councilor Herzig to accept both a delinquent payment notice (gold card) and/or a shut off notice (green card) as an eligibility requirement to apply for the Utility Assistance Program (UAP).

Mayor Van Dusen stated he would vote against the motion in an effort to save postage and because the program does not have a lot of money. City Manager Benoit explained that on a bi-monthly billing cycle, the City sends about 305 gold card notices. About 100 green cards are sent within several weeks to those who still have not paid their bill. About two or three customers have their water service shut off each billing cycle, so most customers pay their bill. Director Cook stated that water services are shut off nine or ten days after customers receive a shut off notice.

Councilor Herzig understood that the green card is a door hangar. They are not mailed so no postage is incurred. Delinquent notices are already being mailed to everyone who is delinquent. The notice will now include a section explaining that assistance is available, but no additional mailing will occur in either case.

Motion died for lack of a second.

City Council Action: Motion made by Councilor Warr, seconded by Councilor Mellin to send notice of the Utility Assistance Program (UAP) with the shut off notice (green card). Motion carried 4 to 1. Ayes: Councilors LaMear, Warr, Mellin, and Mayor Van Dusen; Nays: Councilor Herzig.

Item 6(d): Memorandum of Understanding Relating to Purchase of Astoria Armory at 1636 Exchange Street by Craft3 (Community Development)

At the October 7, 2013 Astoria Development Commission (ADC) meeting, an amendment to the Astor-East Urban Renewal Plan was approved which gave the ADC the authority to acquire real property located at 1636 Duane Street and the adjacent parking lot at the 1600 Block Duane Street. This property is commonly known as the Astoria Armory and an adjacent parking lot, both owned by the Columbia River Maritime Museum (CRMM). The City and Craft3 staff have developed a set of draft terms to facilitate this transaction as noted below:

- City of Astoria and ADC will implement the terms below with the Columbia River Maritime Museum (CRMM) regarding the Armory and adjacent parking lot. The purchase price is \$250,000 plus closing costs, which are estimated at approximately \$2,500. Under the plan, Craft3 will pay the \$250,000 and ADC will pay closing costs. In addition to the \$250,000, the draft terms for the purchase include a transfer of approximately 167 feet of ADC land east of the train depot to the Columbia River Maritime Museum, and that the City would vacate the portion of Duane Street adjacent to the former Builder's Supply building at 1777 Marine Drive. The 167 feet of ADC land and vacated portion of Duane Street right-of-way will be transferred to CRMM.
- ADC will acquire title of the parking lot and will instruct CRMM and the closing escrow agent that title to the Armory will be transferred to Craft3.
- Craft3 will deposit \$250,000 (agreed upon cash purchase amount) into a closing escrow account.
- Should the Astoria City Council approve the attached Memorandum of Understanding (MOU) with Craft3 at their December 2, 2013 meeting, the City will pledge Revolving Loan funds as security to share equally in any loss associated with the resale of the Armory. Conversely, should there be a profit in the resale, such profit would be shared equally with the City.
- Additional detail on the Revolving Loan Fund is provided later in this memorandum .
- Craft3 will offer the Armory for sale to the Friends of the Astoria Armory for a price not to exceed \$250,000 plus closing costs to be executed within 120 days from Craft3 acquiring the Astoria Armory.
- In the event that Craft3 and Friends of the Astoria Armory are unable to reach a mutually acceptable sales agreement, Craft3 shall be entitled to sell the Armory to any third party on terms acceptable to Craft3.
- Craft3 will agree that the terms of any offer of sale to the Friends of the Astoria Armory will be designed in a best manner to ensure that the Armory is maintained for public activities, that the Friends are able to meet its financial responsibilities in the sale and that expenses incurred by Craft3, ADC, or City in the acquisition and sale of the Astoria Armory are reimbursed.

The City "Revolving Loan Fund" is proposed to be used as a "loss reserve or guarantee" for the sale of the property to Craft3. The attached Memorandum of Understanding (MOU) has been drafted that specifies that the City would guarantee that any profit on the resale of the property would be shared equally by Craft3 and the City. In turn, any loss from the resale of the property would also be shared equally by Craft3 and the City. It is recommended that the City Council authorize Mayor Van Dusen to sign the Memorandum of Understanding authorizing use of the City's revolving loan fund as a guarantee as identified in the MOU.

City Manager Benoit declared that he has served on the Board for Craft3 for about 10 years as a volunteer, but has no financial interest in this relationship. He has verified this with the Oregon Ethics Commission that no conflict of interest exists. Craft3 is a non-profit community development financial institution, formerly known as ShoreBank Enterprise Cascadia. They serve the states of Washington and Oregon with officers scattered throughout the states. He reviewed the details of the staff report, noting it was unlikely that the City would have to share any loss with Craft3 because the property has an appraised value of significantly more than \$250,000.

Mayor Van Dusen called for public comments.

Cheryl Silverblatt, 811 Glasgow Avenue, Astoria, confirmed with City Manager Benoit that Craft3 was a community development financial institution (CDFI) and asked why Craft3 exists and to what end does Craft3 complete its activities. City Manager Benoit explained that Craft3 focuses on community sustainability, environmental, and family issues, working in areas where banks will not. Banks are regulated. Craft3 receives funding through grants and loans from major banks, then re-loans the funds. He believed Craft3 had about \$90 million in total assets on the balance sheet. Mayor Van Dusen explained that when the former Astoria plywood mill was renovated, no banks would loan the City money to clean up the area. ShoreBank, now Craft3, offered to supply the loan because they support green projects that help the environment. The City could not have completed the clean up without ShoreBank.

Ms. Silverblatt wanted to know the history between the Astoria Armory Building and the City of Astoria. She was told that the City once owned the Armory and gave the building to the CRMM as a gift. Mayor Van Dusen clarified that the Heritage Center, the building next to the Armory building, was given to the CRMM. The Heritage Center building was the United Service Organization (USO) building for a long time, and was City Hall at one time. The City of Astoria has never owned the Armory.

Ms. Silverblatt asked how the CRMM came to own the Armory. City Manager Benoit explained the Armory building had been owned by a church. The CRMM purchased the building from the church.

Mayor Van Dusen explained why the CRMM wants to sell the Armory. The CRMM actively used the Armory for a short time. The County wanted to purchase the building and turn it into office space, but they were unable to get the zoning changed. Then, Lum's Auto placed a bid to buy the building when it was across the street. The sale to Lum's Auto did not work out. The museum was growing in popularity and exhibits and needed more storage space; however, the fire sprinklers are extremely expensive. The museum has now purchased the Astoria Builders Supply building.

Councilor Mellin said she was told by Liisa Penner, an archivist at the Heritage Center, that the story of the Armory was unknown. She did not believe anyone knew the history of the building because all the materials about the Armory have been lost. Planner Johnson said the City has some history on the building, but not a complete history.

Councilor Herzig believed Sean Fitzpatrick had done research and found historical photos of many events at the Armory. The design of the building included a unique and historic diamond shaped roof support system. While history on the building is minimal, there is enough information to indicate it used to be a popular event center for roller-skating and concerts. People in the audience have attended those concerts. The building used to be quite a feature of Astoria's public events.

City Council Action: Motion made by Councilor Warr, seconded by Councilor Mellin to approve the Memorandum of Understanding with Craft3. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Mellin, Herzig, and Mayor Van Dusen; Nays: None.

Item 6(e): Award of Contract for Consulting Services – 2013 Pavement Management System Update (Public Works)

The Public Works Department utilizes a software based pavement management system to make cost effective decisions about pavement maintenance and rehabilitation. This software relies on updated street rating every two to three years to operate effectively. Astoria is overdue for an update, with the previous work being completed in 2008. Capitol Asset and Pavement Management, Inc., assisted the City with street rating and initial setup of our pavement management system, Street Saver, in 2008. Given their familiarity with the City's street system and our software, staff contacted them regarding the need for an update to our system. They provided an estimated fee of \$14,500 to complete a system update. It is recommended that City Council authorize staff to award a contract to Capitol Asset and Pavement Services, Inc., for \$14,500 to complete the 2013 Pavement Management System Update. Funds for this project are available in the Astoria Road District Fund.

Councilor Herzig understood the contract could be awarded outside of the bidding process because the amount was so low. City Manager Benoit confirmed this was correct. Councilor Herzig recognized that the City has worked with this group in the past, but wanted to make sure the City was confident this contract was the best bargain for the money. Director Cook said that more cities in Oregon use this company than any other. Their rates are very favorable.

City Council Action: Motion made by Councilor LaMear, seconded by Councilor Warr to authorize staff to award a contract to Capitol Asset and Pavement Services, Inc., for \$14,500 to complete the 2013 Pavement Management System Update. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Mellin, Herzig, and Mayor Van Dusen; Nays: None.

Item 6(f): Wastewater Treatment Plant Effluent Upgrades – Pay Adjustment (Public Works)

In November 2012, the construction contract was awarded to R&G Excavating (R&G) in the amount of \$1,049,000 for the Wastewater Treatment Plant (WWTP) Effluent Upgrades project. The project construction commenced in June 2013 and is approximately 85% complete .

Pay adjustment No. 3 for \$18,256.27 includes several changes that are itemized below:

A. Mastic sealant in lieu of grouting concrete baffle wall blocks (credit)	(\$5,079.20)
B. City provided power for bypass system (credit)	(\$3,240.12)
C. Influent pipe joint sealing	\$1,511 .05
D. Bypass system rental charge for 21-day time extension	\$24,120.00
E. Chemical Feed Building roof drip edge	\$254.60
F. Additional Chemical Feed Building trim	\$241.18
G. Additional bollard	\$245.06
H. Bollard sleeves in lieu of painting	\$203.70

The current pay adjustment includes 6 increase items and 2 credits consisting of multiple modifications and adjustments determined necessary during the process of constructing the project. The following is a summary of the pay adjustments to date:

Pay Adjustment	Amount	Contract Amount	Contingency Balance	Contingency Balance Percentage
		\$1,049,000.00	\$105,000.00	100%
1	\$25,223.97	\$1,074,223.97	\$79,776.03	76%
2	\$0.00	\$1,074,223.97	\$79,776.03	76%
3	\$18,256.27	\$1,092,480.24	\$61,519.76	59%

It is recommended that the City Council authorize Pay Adjustment #3 for the WWTP Effluent Treatment Upgrades project for \$18,256.27. Funds are available for this project through IFA funding.

Councilor Herzig noted a delay of 21 days due to construction of a concrete floor needed to provide a level surface for the installation of a concrete baffle, which was the largest expense at \$24,120. He understood the delay was not expected to take three weeks. City Manager Benoit added that when the holding tank was emptied and cleaned, it was unexpectedly found to be unlevel. This had to be leveled, which caused the delay.

City Council Action: Motion made by Councilor Mellin, seconded by Councilor LaMear to authorize Pay Adjustment #3 for the WWTP Effluent Treatment Upgrades project for \$18,256.27. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Mellin, Herzig, and Mayor Van Dusen; Nays: None.

NEW BUSINESS & MISCELLANEOUS, PUBLIC COMMENTS

Mayor Van Dusen announced that Sean Fitzpatrick will replace Mark Cary on the Planning Commission in 2014.

Herb Mindt, 741 29th Street, Astoria, believed that at this meeting, the City would be taking offers from land owners adjacent to the City-owned properties for sale. He and his partner have owned a piece of property for over 10 years. Handouts were made available at the dais that included receipts for construction done on the adjacent piece of property he and his partner are attempting to purchase from the City. Just like everyone else, they had received a notice in the mail. Over the past ten years, neglect and oversight indicates that the City is overwhelmed with number of parcels it must maintain. As the adjacent landowners, he and his partner were in

need of putting up a retaining wall to protect their basement from drain water on the adjacent City-owned property. Drainage sloughed onto their foundation and siding, which caused dry rot. They have taken steps to alleviate the drainage problem. He showed photographs of an unsightly house in the neighborhood, which they bought with the intention of upgrading it. Over the past ten years, the property has changed considerably as they have spent more than \$40,000 remodeling the house and making it look the way a historic home in Astoria should look. Page 8 of the handout showed an aerial photo of the property taken a few years ago. This photo shows the City-owned property behind the house encroaching on to the house. Blackberries and knotweed on the City-owned property had to be removed, maintained and controlled. Plastic had to be installed at the back of the house in an effort to divert water from the lot that went into the basement. Page 10 shows a photo of the retaining wall that was constructed by a licensed landscape architect in Astoria, which they paid to have installed with a French drain that went along the foundation. This took care of the problem. The house is on a substandard lot. He has been told that if the house burns down, they may not be able to rebuild on the lot because it is substandard. Purchasing the adjacent property would turn his entire property into a standard lot. Over the years, after putting \$40,000 into the property, it is difficult to come up with funds all at once to purchase the City-owned property. A realtor at Area Properties informed him that he could offer a contract sale, which he understood to mean that he could purchase the property. With the help of the realtor, he and his partner made an offer and expected to receive a response that same evening. He was told that the offer was dismissed because the City/Council was not willing to consider a contract sale, which creates a hardship for him. They cannot afford the property and do not have the money to pay for it all at once. He hoped City Council would consider his situation and approve sales on a case-by-case basis if people cannot afford adjacent properties that they have been maintaining.

Mayor Van Dusen understood that Mr. Mindt made an offer on the property, which is contingent upon the City holding the title. He added that the house looks great.

Councilor LaMear believed this situation was exactly what the City hoped would happen. Adjacent property owners have the opportunity to purchase land. In many cases, people would love to purchase the property next to them to protect their own property. She hoped the City could handle these sales on a case-by-case basis.

Councilor Herzig agreed that if the City is inviting people to purchase properties, the City must make them available in terms that people can afford. Some people are not able to pay \$8,000 to \$15,000 cash. The City must have a plan that allows people to purchase the properties and make installment payments, particularly in cases like Mr. Mindt's. The City property was encroaching on Mr. Mindt's property and he had to build a retaining wall. The property is vital to Mr. Mindt's future well-being. He supported an arrangement that allows people to make payments.

Councilor Mellin agreed that it would be in everyone's best interest for the City to do whatever it could to assist Mr. Mindt.

Councilor Warr stated he had a mix of opinions. He wanted Mr. Mindt to have the property and agreed Mr. Mindt has a compelling argument; however, he was concerned that the City would become a bank by selling properties on contract. If the City sells a property on contract to Mr. Mindt, the City would have to offer contract sales to others. Mr. Mindt reiterated that the sales should be considered on a case-by-case basis. He would pay for the property in full if he were able. He did not want someone to purchase the lot behind his house, as the buyer may tear down the retaining wall to build a duplex. Kids would be running back and forth and more cars would park on Grand Avenue, which is already difficult to navigate. He has no intentions of building on the property, just making his lot size whole and maintaining the status quo.

Mayor Van Dusen asked how long the proposed contract was for. Mr. Mindt replied the recommendation was that the City would not do more than five years, so he offered a seven-year contract, but would consider a two, three, or five-year contract. Even a two-year contract would give him time to find the funds. The length of the term is not as important as locking up the property so he knows it belongs to him. The property is important to him and the City of Astoria.

Mayor Van Dusen said Mr. Mindt has kind of changed his mind, because he was not in favor of the City carrying the paper. Many people like to finance purchases whether they can afford the purchase or not. Offering contracts only to those who cannot afford to purchase a property would not be good; however, the City is not borrowing money on these properties. He did not believe a contract should exceed five years on any property and asked Staff to come back to City Council with a suggestion.

Councilor LaMear asked Mr. Mindt for more details on the offer he made to purchase the property on contract. Mr. Mindt explained that he and his partner decided 10 years ago that they would attempt to purchase the property behind theirs so they would have a standard sized lot. This would allow their house to be rebuilt, should it ever burn down. After speaking with Planner Johnson over the years, she agreed that Mr. Mindt should purchase the property. He believed he had more time, but the letter said he needed to make an offer on the property right away. He spoke with Area Properties, who said that the City would accept an offer that included terms. Area Properties presented the offer to City Manager Benoit, who said terms would not be considered. He cannot afford to write a check for the full amount and most people in Astoria do not have this kind of money. While he does not live in poverty or need help with his water bill, he does need help securing the property, even if it is a two or three year contract. Instead of paying \$12,000, \$15,000, or \$20,000 all at once, he would like to make an affordable monthly payment. At the end of the term, he could pay off the City.

Mayor Van Dusen asked staff to present some suggestions for an interest rate and contract terms at the next City Council meeting, as the majority of City Council agreed with Mr. Mindt.

Mr. Mindt asked City Council to vote at this meeting so he can move forward on his offer. He would like to make the offer and commit to the purchase.

Mayor Van Dusen stated he was not ready to vote. This issue affects many people, not just Mr. Mindt. He was not ready to vote after only two minutes of discussion.

Councilor LaMear did not recall voting to accept or deny terms.

City Manager Benoit understood that contracts have not been discussed. He believed Area Properties accepted the offer because contract sales are common in real estate transactions, as private banks are used to contract sales. Staff told Area Properties that City Council would have to decide whether to approve or deny the offer, as staff could not approve it. He said staff would return to City Council with a suggested interest rate and length of contract, but noted that the City's financial software is not set up to track loans. This will complicate the process, especially if multiple properties are sold on contract. Internal Revenue Service (IRS) and tax reporting implications will need to be considered. The City does not have the same infrastructure as banks. Managing contracts would likely cost the City more than any interest that would be charged on the loan. He did not believe the City could handle loans on multiple parcels. He offered to discuss options with Director Carlson and develop a plan that could work. There are third party entities who manage loans for a small fee. Staff will do some research and present some suggestions at the next meeting.

Councilor Mellin reminded Mr. Mindt that adjacent property owners have the first opportunity to make offers. Mr. Mindt replied that other property owners are adjacent and he wanted to ensure his offer was submitted before any others. No other offers have been submitted, but this does not mean others are not interested in the property. He asked that his offer be accepted, contingent upon Council's decision, possibly.

Mayor Van Dusen said no public hearing has been conducted on the property. Mr. Mindt clarified he was speaking about the first phase that included the offer. Mayor Van Dusen replied that he would not vote for it.

Councilor Warr explained a public hearing must be conducted before City Council can commit to an offer. Mr. Mindt believed his request should be asked of City Manager Benoit, since he is the first person to see the offers. Mayor Van Dusen said he still would not vote on this offer.

Councilor Herzig suggested that the City promise not to sell the property adjacent to Mr. Mindt to anyone until this issue is resolved. Mr. Mindt will still have the right of first refusal. Mayor Van Dusen agreed. Mr. Mindt stated this was fair.

City Council Action: Motion made by Councilor Herzig, seconded by Mayor Van Dusen, to refrain from selling the property adjacent to Mr. Mindt until a decision has been made regarding the sale of City properties on contract. Motion passed unanimously. Ayes: Councilors LaMear, Warr, Mellin, Herzig, and Mayor Van Dusen; Nays: None.

Mayor Van Dusen noted that the City refused to finance the Armory building for the Friends of the Astoria Armory. He believed the City had a policy that prevented the City from financing real estate. The lot behind Mr. Mindt may be small, but this could have bigger ramifications.

George McCartin, 490 Franklin Avenue, Astoria, believed Mr. Mindt had made a good proposal for himself. It is common in real estate for the seller to carry a contract, but the City is getting into quite a position. He said Mr. Mindt came forth with a good proposal; he has done a lot of work on his property and it can be tempting to sell him the property for a price that might not reflect market value. He visited 1840 4th Street earlier that day and expected to see paint peeling off of the clapboards and the yard to be dumpy. His expectations were based on the selling price of the property. He was shocked and surprised to find that the property looked good. He recognized that there may be problems with water in the basement, but found the back lawn looks better than his own. According to Zillow, the estimated value of the house was \$89,000, which is the lowest priced house of any of the three adjoining blocks. The other houses are valued between \$149,000 and \$200,000. The City paid \$125,000 for this house, and then sold it for \$55,000. He asked if this would happen with the rest of the properties. He did not believe City Council was ready to conduct the public hearing and that Mr. Mindt's problem was indicative of the types of problems that will occur with other properties. The City wants to make money on the sale of these properties by getting them back on the tax rolls, but he is not sure that the City had given sufficient notice or consideration. The maps are an improvement and the process is improving as it moves along, but he is concerned about legal notices. The City will post its announcement of the public hearing in the *Daily Astorian*, where people may or may not see it, and this is not something that the City routinely handles. He asked if the City was satisfied with something that the courts will uphold, like a notice in the paper, or does the City want its citizens to receive an actual notice. The website is fine for those who have internet and know how to run a computer. The City has a terrific website, but one must spend a lot of time digging for information. He suggested that in this instance, the basic meeting agenda be posted in City Hall for people to see, as this would allow people to see what will happen at future City Council meetings. He was astounded to find the agendas were not posted, as he expected them to be. When he asked about the agenda, a woman told him he could find them online. He could only find the agendas online if he had a computer and money to pay for internet service. It would be good to have the agendas in the library, but the library is closed on Mondays. He suggested sending notice of public hearings on the sale of City properties with the water bills. These notices should indicate that maps, prices, and other information are available on the website. Then, the City will be ready to move forward on behalf of all the taxpayers and make some money.

Mayor Van Dusen said he disagreed with Mr. McCartin on a couple items. While the City Council was encouraged to make a decision at this meeting, Council decided to take more time and did not make a decision. He understood Mr. McCartin did not believe Council was ready for a public hearing and explained that the City Council gathers information at the public hearing. He agreed that the City was not ready to make a sale, but the public hearing gives City Council the opportunity to learn more about making a decision. He confirmed for Mr. McCartin that no decision would be made at this meeting. By law, the City must send notices to property owners within a certain distance of the properties for sale. City Manager Benoit confirmed notices were mailed to each property owner within the 200-foot radius of each property that is for sale.

Mayor Van Dusen stated that an offer can seem good and then neighbors speak against the offer at the public hearing. He recalled the sale of Dick Thompson's house. At the public hearing, City Council learned of a landslide and broken sewer pipe. The public hearing allows Council to gather information. He believed the City was ready to gather information, but was not ready to sell a property. Mr. McCartin thanked the City Council for all they do.

Councilor Herzig clarified that City Council has the authority to accept offers at public hearings if they decide they have enough information to move forward. City Council does not have to accept any offers, but can accept an offer if they believe they have enough information to do so.

Shel Cantor, 1189 Jerome, Astoria, agreed with Councilor LaMear's prior comments about the sale of excess City property giving neighbors the opportunity to purchase and use small pieces of adjacent property for gardening or to protect against development. This was an admirable objective and he would not object to the program if it accomplished this goal. He read the description in the staff report of the property at 4700 Block of Ash Street, noting it is unlikely that a neighbor would purchase this property and use it as a garden. He speculated that this property would be the perfect property to own for a few years before selling to a developer when property prices go up. This is money that the City could make by selling the property later. Information given to the public indicates that the City is planning to sell approximately 150 properties in the first year. If neighbors do

not exercise their rights during the four-week period they have been given, the properties will be listed in the general listing, possibly on the multiple listing service (MLS) through Area Properties. Then, the properties can be purchased by anyone, not just neighbors. Neighbors can purchase properties to speculate or to cut down and sell trees. He was concerned that once the properties are offered to the general public, anything could happen. This program involves a large fraction of properties being rapidly sold at a time when the market is depressed. The City will flood the market and depress prices further, as there are currently only 41 vacant lots for sale in Astoria that are listed on the MLS. The land the City owns is a contingency fund. Should the City have a real, justified, urgent need in the future, unlike today, and the City has sold these properties at garage sale prices, the properties will be missed. The program can be changed. He included a list of changes in a letter he wrote to City Council. He suggested requiring neighbors who purchase properties to incorporate the parcel into their own property to prevent speculation. He also suggested restricting the cutting of trees. The City does not have to rush into the program with the intention of rapidly selling off properties. He believed that under the circumstances of the depressed market, where the City will be flooding the market and selling its contingency fund, is not proper stewardship of City assets. He urged City Council to get a legal opinion from City Attorney Henningsgaard and find out if this is in the best interest of the City and its fiduciary responsibilities.

Mayor Van Dusen recessed the Astoria City Council meeting at 8:30 p.m. to convene the Astoria Development Commission meeting.

EXECUTIVE SESSION

The City Council Executive Session was convened at 8:33 p.m. immediately following the Astoria Development Commission meeting.

Item 8(a): ORS 192.660(2)(h) - Legal Counsel

Item 8(b): ORS 192.660(2)(d) – Labor Negotiation Consultations

The City Council Executive Session was adjourned at 9:05 p.m. and the Regular Session of the Astoria City Council meeting was reconvened at 9:05 p.m.

City Council Action: Motion made by Councilor LaMear, seconded by Councilor Mellin, to approve the Memorandum of Agreement by and between the City of Astoria and the Astoria Public Safety Association, relating to Article 4 – Compensation and Article 10 – Health and Welfare for the Collective Bargaining Agreement, from July 1, 2013 to June 30, 2016. Ayes: Councilors LaMear, Warr, Mellin, Herzig, and Mayor Van Dusen; Nays: None.


Mayor Van Dusen commended City Manager Benoit, Police Chief Curzon, and the Astoria Police Department. The City has a great team and he believes this is a fair contract.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:07 p.m.

ATTEST:

APPROVED:



Finance Director



City Manager