



AGENDA

ASTORIA DEVELOPMENT COMMISSION

Astoria Development Commission
Tuesday, January 19, 2015
Immediately Follows City Council Meeting
2nd Floor Council Chambers
1095 Duane Street · Astoria OR 97103

1. CALL TO ORDER

2. ROLL CALL

3. REPORTS OF COMMISSIONERS

4. CHANGES TO AGENDA

5. CONSENT CALENDAR

The items on the Consent Calendar are considered routine and will be adopted by one motion unless a member of the Astoria Development Commission requests to have any item considered separately. Members of the community may have an item removed if they contact the City Manager by 5:00 p.m. the day of the meeting.

- (a) ADC Minutes of 12/7/15
- (b) ADC Minutes of 12/21/15

6. REGULAR AGENDA ITEMS

All agenda items are open for public comment following deliberation by the City Council. Rather than asking for public comment after each agenda item, the Mayor asks that audience members raise their hands if they want to speak to the item and they will be recognized. In order to respect everyone's time, comments will be limited to 3 minutes.

- (a) Heritage Square (Community Development)

THIS MEETING IS ACCESSIBLE TO THE DISABLED. AN INTERPRETER FOR THE HEARING IMPAIRED MAY BE REQUESTED UNDER THE TERMS OF ORS 192.630 BY CONTACTING JULIE YUILL, CITY MANAGER'S OFFICE, 503-325-5824.



CITY OF ASTORIA

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January 14, 2016

MEMORANDUM

TO: ASTORIA DEVELOPMENT COMMISSION (ADC)

FROM:  BRETT ESTES, CITY MANAGER

SUBJECT: ADC MEETING OF JANUARY 19, 2016

CONSENT CALENDAR

Item 5(a): ADC Minutes

The minutes of the ADC meeting of December 7, 2015 are enclosed for your review. Unless there are any corrections, it is recommended that the ADC approve these minutes.

Item 5(b): ADC Minutes

The minutes of the ADC meeting of December 21, 2015 are enclosed for your review. Unless there are any corrections, it is recommended that the ADC approve these minutes.

REGULAR AGENDA ITEMS

Item 6(a): Heritage Square (Community Development)

A work session was held on January 12th to discuss the issues of development / redevelopment of Heritage Square and the Astoria Public Library. At the January 19th ADC meeting, the Commission will review the rough cost estimate prepared by Walker Macy and remove items that are not desired as a part of a Heritage Square project. This information will assist staff to develop a scope for a new Request for Proposals (RFP) to be issued this winter. The RFP will include services to develop architectural concepts and rough cost estimates for the Heritage Square site and three renovation / expansion concepts with the current library building. The three renovation / expansion concepts include: 1) renovation of the current library with an expansion into the parking lot; 2) renovation of the library and expansion into the basement; and 3) renovation of the library and expansion into the lot where the Merwyn (Waldorf) Hotel is located, assuming the building were not on that site. These are the four scenarios developed by the City Council at the January 12th work session.

A regular meeting of the Astoria Development Commission was held at the above place at the hour of 6:00 pm.

Commissioners Present: Price, Herzig, Nemlowill, Mayor LaMear; Commissioner Warr arrived at 6:12 pm.

Commissioners Excused: None

Staff Present: City Manager Estes, Police Chief Johnston, Community Development Director Cronin, Parks and Recreation Director Cosby, Finance Director Brooks, Fire Chief Ames, Library Director Tucker, Public Works Director Cook, and City Attorney Henningsgaard. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

REPORTS OF COMMISSIONERS: No reports.

CHANGES TO AGENDA: No changes.

CONSENT CALENDAR:

The following item was presented on the Consent Calendar.

Item 5(a): ADC Minutes of 10/19/15

Commission Action: Motion by Commissioner Nemlowill, seconded by Commissioner Price, to approve the Consent Calendar. Motion carried unanimously. Ayes: Commissioners Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

REGULAR AGENDA ITEMS:

Item 6(a): Heritage Square – EPA Grant Appropriation of Matching Funds (Public Works)

The City of Astoria was awarded a United States Environmental Protection Agency (EPA) multi-purpose brownfield pilot grant in 2012 for assessment and cleanup of the Heritage Square site. At its September 8, 2015 meeting, the City Council meeting a project update and requested approval to place fill at a local City owned quarry site was discussed. Council was also notified that staff would be bringing a request to the Astoria Development Commission to allocate \$40,000 from the Astor East Urban Renewal District (AEURD) for use as a match for the \$400,000 EPA grant.

Since that time, the final contractor bids have been received by our consultant and because of higher than anticipated cleanup costs and additional cleanup planning and soil testing costs, the project budget is in excess of the original grant request. The following is a budget summary:

SUMMARY OF HERITAGE SQUARE CLEANUP BUDGET	
Cost of cleanup (actual bid from contractor with 5% contingency)	\$238,324
Additional AEURD funds needed to complete cleanup	\$109,842

Rather than only completing what would be funded under the remaining grant funds, staff recommends continuing to remove the full contamination now. This will save money long term by avoiding remobilization costs. Staff is recommending funding from the following sources to complete the cleanup project:

- Original \$40,000 match from the Astor East Urban Renewal District
- Additional \$70,000 from the Astor East Urban Renewal District
- \$39,842 from the Capital Improvement Fund, which includes EPA Grant reimbursement funds not allocated to the consultant
- \$128,482 in EPA grant funds not yet distributed to the City

Once soil cleanup is complete, there will be close out items required to achieve a letter of No Further Action (NFA) from the Oregon Department of Environmental Quality (DEQ). The items consist of final reporting, testing, and installation of a groundwater monitoring well along Duane Street at an estimated cost of \$25,000. The City will be requesting grant funds from DEQ's Business Oregon Program for this work. After DEQ reviews all pertinent data, they will issue a Letter of No Further Action with conditions or if they need to wait until a liner is placed over the elevated parking basement area before issuing the final letter. It is anticipated that if a liner were required, it would be an element of a redevelopment project. If the City needs a letter from DEQ regarding the pending NFA they have stated that they would issue what they refer to as a feel good letter typically issued to potential developers in similar cases.

It is recommended that the Astoria Development Commission approve the expenditure of \$110,000 for the cleanup of the Heritage Square material (including the original \$40,000 match and an additional \$70,000). Staff will be going before the City Council at the December 21st Council meeting for authorization to enter into a contract amendment with AMEC for the additional work.

City Manager Estes stated that since the memorandum was published, staff has been notified by DEQ's Business Oregon Program that Astoria would be receiving a grant for approximately \$60,000 to fund the monitoring wells and the cash match for the project. From this grant, \$25,000 will be allocated to the monitoring wells and \$35,000 will be allocated to the cash match. These expenses will be reimbursed through Capital Improvement Funds and the bulk of the cash match will continue to be paid for out of the AEURD. Staff will present a revised contract that increases the scope of work to City Council at their next meeting.

Commissioner Herzig confirmed that the grant would be deposited into the Capital Improvement Fund, which is different from the AEURD fund. City Manager Estes added the allocation of funds was explained on Page 1 of the memorandum. The original \$40,000 cash match was required for the grant. An additional \$70,000 would be paid out of the AEURD. The City's Capital Improvement Fund will allocate \$39,842 to the project. All grant disbursements are deposited into the Capital Improvement Fund. The cleanup will require a revised scope of work, which will be presented to City Council at its next meeting before the \$60,000 grant funds are spent.

Commissioner Nemlowill said the costs are higher than originally anticipated. However, she did not believe the City had any other options at this point. City Manager Estes explained there were two other options. If additional funds were not allocated, staff would have to request bids for a new contractor that would need to complete the work before DEQ would grant a Letter of No Further Action. Staff believes it makes sense to continue the current work rather than remobilizing with a new contractor in the future at an additional expense.

Commissioner Nemlowill stated there could be more future expenses because a liner may need to be added to the site. City Manager Estes said once the cleanup is completed, a final set of tests would determine if further remediation would be required. Engineer Harrington explained that a liner may or may not be required, depending on how the site will be used. If a building with a basement were built on the site, the concrete slab would suffice as a liner. Only so much soil can be removed before the integrity of the space is compromised or groundwater is exposed. When the cleanup is complete, DEQ will conduct final tests to make sure all contaminants have been removed. If the area is determined clean, the Letter of No Further Action will not have any restrictions. However, if DEQ is concerned about human contact with contaminants, the letter will require a liner. The liner could be of thick plastic or concrete, depending on how the site will be used.

Commissioner Price said the AEURD fund is the lowest level fund and had about \$350,000 at the beginning of this fiscal year. She asked how much was in the fund now. City Manager Estes said an appropriation line item already existed in the budget to accommodate this expense.

Commissioner Price asked if any of the funds allocated to improvements other than buildings had been spent this fiscal year. City Manager Estes said the only funds spent were contract expenses on Heritage Square and some other smaller items.

Commissioner Warr arrived at 6:12 pm.

Mayor LaMear invited the public to comment on the expenditure of \$110,000 for the cleanup of Heritage Square.

George McCartin, 490 Franklin Avenue, Astoria, said he did not understand how Commissioners of the Urban Renewal District could allocate monies from the district to the City while sitting as City Councilors. However, he was sure this was legal. He understood the urban renewal funds were to be allocated to five individuals, not the public. He asked if the City had ever made even an informal attempt to consider litigation against Safeway that would require their assistance with the cleanup.

City Manager Estes responded that the Astoria Development Commission (ADC) is a legal entity separate from the City of Astoria. It is legal for City Councilors to also serve as Commissioners for the ADC and this is a common practice throughout the State of Oregon. Urban renewal funds have historically been spent on public projects, rather than private projects. When the City of Astoria purchased property from Safeway, due diligence was completed. Tests acknowledged the condition of the site and the City was aware of this condition at the time of the purchase. The contamination was deposited by businesses that existed on the site prior to Safeway, including a dry cleaner and car repair shop.

Commissioner Herzig explained the City was waiting for a Letter of No Further Action from DEQ. The City cannot move forward with any plans for the site until this letter is received.

Commission Action: Motion by Commissioner Herzig, seconded by Commissioner Nemlowill, that the Astoria Development Commission approve the expenditure of \$110,000 for the cleanup of the Heritage Square material. Motion carried unanimously. Ayes: Commissioners Warr, Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

Item 6(b): Heritage Square – Phase 1 Feasibility Analysis Report (Community Development)

The City Council adopted a FY 15-16 goal to investigate locating the Astoria Public Library as part of a mixed use project within Heritage Square, an almost 1.5 acre site in downtown Astoria. On August 17, the Astoria Development Commission authorized a Request for Qualifications (RFQ) to hire a consultant team that will assist the City's efforts in redeveloping the Heritage Square site and potentially the library site. On September 21, the Astoria Development Commission authorized a contract with Walker Macy, a Portland based design firm who provided initial architectural design, cost estimating, and a financing strategy.

A public involvement strategy was initially created that guided public outreach for a two-month site design process. At the centerpiece, the Mayor appointed a Project Advisory Committee (PAC) that consisted of various stakeholder groups that met four times from October to November. On October 21, the City hosted an all-day public workshop/open house to solicit input on proposed designs for a mixed-use library with housing above, underground parking, and open space (i.e. plaza). Approximately 150 people attended the open house. Afterwards, a public comment period was held until December 1. The City received 42 comments since the open house with divergent viewpoints on the proposed designs and whether a library and/or housing should be built on site. On December 7, the consultant and city staff will present the results to the Development Commission, including a basic, "order of magnitude" cost estimate.

The Project Advisory Committee met on November 19 to discuss a potential recommendation based on the results of the public outreach process, a review of the consultant design, and a draft redevelopment strategy (i.e. road map) for revitalizing Duane Street and developing Heritage Square. After much debate, the PAC could not reach consensus nor did they see a consensus in the community providing direction - and did not consider a recommendation. A citizen representative of the PAC, Norma Hernandez, Parks Board Chair, was selected by that group to represent the Committee to speak at the ADC Meeting.

After completing the public outreach phase, no clear consensus has emerged. Two observations are clear: 1) something needs to be done about filling the pit to gain momentum for something better in the future and 2) the current library doesn't provide for the current needs for Astoria or a 21st century library. Staff will present the results of the report and provide some key questions in a decision tree to facilitate the discussion.

If consensus from the Development Commission is reached on programming for Heritage Square, staff will move forward with developing next steps for implementation. However, should the Commission not come to consensus, staff will work to complete the environmental clean up of Heritage Square, but will await for subsequent ADC/Council policy direction on how to address implementation of the City Council goal associated with Heritage Square and the Astoria Public Library.

It is recommended that the Development Commission consider the results of the report and provide direction regarding implementation of the City Council Goal associated with Heritage Square and the Astoria Public Library.

Director Cronin said there was not a lot of common knowledge about City Council's goal to investigate locating the Astoria Public Library as part of a mixed-use project within Heritage Square. Therefore, he spent a lot of time educating people about why the project was being completed. The community has not supported one particular recommendation. However, he was able to determine that the site is large enough to accommodate a library, housing, and open space. The project could become a great catalyst for future development. There are other examples of this type of development in Oregon. However, the ADC must help determine if Heritage Square is the right location for a library, housing, and open space. He introduced the members of the Project Advisory Committee (PAC) and thanked them for volunteering.

Chelsea McCann, Walker Macy, 8570 SW Cecilia, Portland, gave an overview of the studies completed during the analysis of Heritage Square. The studies were presented in detail during the open house on October 21. Her PowerPoint presentation included photographs of the project area. She explained that the PAC established a series of values that the designs should embody. The values were: public access, economic redevelopment, community-focused design, sustainability, design innovation, historically significant, and integrates with the City and Garden of Surging Waves. Her team presented ideas for three areas of the site to the public for feedback. Ideas for streetscape improvements included creating seating, pedestrian friendly environments, and festival streets. Public feedback indicated festival streets were exciting to people.

Laura Klinger, Hacker Architects, 3014 NE 23rd Avenue, Portland, said images of library designs from around the world were displayed at the open house. Many libraries are changing right now and this is a great opportunity for the community to build a 21st century library that will be the center and heart of the community. The proposal was to combine a ground floor library with three stories of housing above. She displayed an image of the Hollywood Library in Portland, which her firm completed 10 years ago. The Hollywood Library building contains a ground floor library and three stories above. She displayed images of options for the existing library building and site and described the options as follows:

- The existing library building could be demolished with a new 18,000 square foot library built in its place. This option would accommodate parking underneath the new building. A previous study determined that 18,000 square feet was appropriate for the scale of the community.
- The existing building could be renovated with a new one-story addition built over what is now the parking lot. However, it would not make sense to build underground parking at this location because the footprint of the new building would be so small.
- If the library was relocated to another location, the existing building could be renovated for a new use. Public comments at the open house suggested the new use be a daycare center or an adult education facility. The building could be sold to a developer for a new use or for demolition. Proceeds from the sale could fund the new library project.
- She displayed images of options for developing a library with housing at Heritage Square, noting that the images were just massings and configurations, not building designs. All options propose an 18,000 square foot ground floor library with three stories of housing above the library. Four stories is the maximum height that can be built on the site. All options assume the American Legion building will remain. Underground parking would be possible with all three options. The options propose about 30,000 square feet of housing and about 20,000 square feet of underground parking.

Ms. McCann said the building configuration would determine how much open space remained at the site. At the open house, she took public input on program elements for the open space and three open space concepts that were based on the building configurations presented by Ms. Clinger. Option A included a plaza or garden and a surface parking lot. After discussing the options with the PAC, there was no clear direction because the PAC identified pros and cons for each option. However, people are excited about the open space.

Director Cronin gave a PowerPoint presentation explaining why so much time was being spent on Heritage Square and future plans for the area around the site. Current projects and events in the area include:

- Renovation of the Women's Resource Center
- A new food pod across from City Hall
- Columbia Bank is unsure about the future of their branch at Heritage Square

- The City of Astoria has invested in the Liberty Theatre
- A new museum will open in 2016 in a restored building
- The new owners of the old YMCA building are doing demolition and restoration work
- The Astoria Senior Center will host a ribbon cutting ceremony on Tuesday, February 16, 2016.
- These investments that Astoria has made in its downtown total about \$6.2 million. He displayed a slide that explained how possible impacts of the project would satisfy City Council goals regarding investment potential, revitalizing the downtown, and increasing pedestrian safety. Financial impacts are something else of concern. It will be helpful to have something with an assessed value so that notes on tax increment financing can be repaid. From an urban design perspective, 12th Street provides an incredible opportunity to make strategic investments and economic development.

Ms. McCann presented an order of magnitude estimate, which is a high-level cost estimate. The estimate was developed from conversations with City staff, her firm's experience with recent and comparable projects, and feedback from public open houses. Her estimate included future steps that may be taken to get through the development process and suggested points in time when the cost estimate should be revisited. The cost estimate will become more accurate as time goes on. The estimate also includes soft costs, which are things like design fees and permitting fees. She worked with the City to develop an appropriate contingency that considers the known conditions at the site and specific engineering complications common in Astoria. Filling the pit at the site is critical. Once filled, an interim concept could be implemented to allow the site to be used before development began. Future development of open space could cost between \$3.4 and \$4.5 million. Implementing the festival street idea would cost the least on 12th Street. A festival street on Duane would cost more because it runs along the longer portion of the block. A one-story 18,000 square foot library building would cost between \$10.2 and \$13.3 million. Housing above the library would cost between \$8.2 and \$9.6 million. The parking structure below the building would cost between \$5.2 and \$6.2 million.

Director Cronin listed potential funding sources that could fill funding gaps for this project. Funding sources included both public and private entities. The United States Department of Agriculture (USDA) Rural Development Loan Program is a source of public fund the City could consider, in addition to the public sources Astoria is already familiar with. Staff will continue to look for funding options. The largest source of funding will be the capital campaign for the library or open space.

Commissioner Nemlowill said she was glad Director Cronin was taking the project so seriously. She asked how a public/private partnership would benefit the City in terms of costs. Director Cronin displayed a Sources and Uses Table and explained that private contributions from a developer would be required. Developers could contribute their own equity, which is typically between 10 and 20 percent of the total project. Debt would provide the rest of the funds the developer needs to complete the project. The City would be required to fill the remaining funding gap.

Commissioner Nemlowill asked what percentage of the total project costs would be paid for by a private developer. Director Cronin said generally, on housing projects he is familiar with, the funding gap is usually around 20 percent. He believed 60 percent of the funds would come from private financing, 20 percent from the developer, and 20 percent from the City.

Commissioner Nemlowill asked staff to explain a capital campaign. Director Cronin said Astoria has two foundations, one for the Parks Department and one for the Library. The foundations would lead the capital campaigns. A representative of the Library foundation would be speaking later during the City Council meeting.

Commissioner Nemlowill believed the costs seemed high and asked if it would be possible to scale back any aspects of the project costs, like underground parking or streetscaping. Director Cronin explained that staff had presented all-in costs, which could be scaled back by the ADC and City Council.

Commissioner Herzig said the Finance Director provided the ADC with historical expenses at Heritage Square. Total expenses on the Garden of Surging Waves were \$2,055,600. Staff's low estimate for the proposed open space is \$3,800,000, so he wanted to know what staff planned to put in the pit. Director Cronin said the total cost divided by the square footage of the Garden of Surging Waves was about \$156 per square foot. Ms. McCann added that with a contingency, the open space at Heritage Square would cost between \$130 and \$145 per square foot. Director Cronin noted this was within the same range of costs for the Garden of Surging Waves.

Commissioner Herzig said he certainly did not want a second garden to the east of the Garden of Surging Waves. Therefore, it is obvious that the costs for open space must come down. Director Cronin noted the open space would be a highly finished public plaza. City Manager Estes added that the costs for the open space include the infrastructure under the space, which may require engineering and infill.

Commissioner Nemlow asked if cost estimates for maintenance of the open space were included. The City currently has an issue with projects occurring without consideration of maintenance costs. Director Cronin said Director Cosby has shared her concerns about maintenance costs of the open space, and they will work together to build maintenance costs into future cost estimates.

Ms. McCann added that it is important to study the maintenance costs early in the project. Maintenance of a stone plaza will be much different from maintaining a garden. During the design process, it will be important to understand what the City is capable of doing and consider ongoing costs.

Commissioner Price asked staff to explain the estimated funding gap. Director Cronin understood that the capital campaign reflects the amount the City would need to fund for the library building plus any expenses not funded by the private developer for housing.

Commissioner Herzig said he appreciated all of the work that had gone into the report. Staff completed this work within a very short time frame. However, when the City authorized spending \$16,000 to complete this report, the ADC was told staff would present one preferred option. Apparently, staff is not prepared to recommend one option because the community could not come to a consensus and the advisory panel did not make a recommendation. He was not informed that the advisory panel had the legal power to make a recommendation to City Council. He wanted staff to state their preferred option because that is what the City paid for.

Mayor LaMear asked the Commission if any aspects of this report could be approved presently. City Manager Estes noted that Director Cronin was prepared to present a set of questions that may help the ADC structure a consensus. The ADC could review these questions or take public comments prior to taking action. Director Cronin added that Kate Summers of the Library Board, and Norma Hernandez of the Project Advisory Committee, had prepared comments.

Commissioner Herzig noted the City Council meeting would begin at 7:00 pm. However, the ADC meeting would reconvene after the Council meeting to complete this discussion.

Mayor LaMear called for public comments.

Norma Hernandez, 92335 Young's River Road, Astoria, said she was sorry that the advisory committee had disappointed the Commission; however, she did not believe the committee had disappointed the community. Committee members were chosen and tasked with finding out what the community wanted. She understood \$16,000 was a lot of money, but learning that 10,000 people are unable to agree on an option is worth the money spent. The Committee considered their responsibility seriously and earned the respect of the community by looking at the options from every angle. The Committee is not anti-library. She visited the Seaside Library to ask what would be required and was told that 18,000 square feet is too small for Astoria. The committee did its homework. She believed that at this time, the community needed more information and more time to consider their options before stating their opinions. Does the City want a quick answer or a legacy project the City can be proud of? She understood the hole in the ground has been at Heritage Square for a long time, but people continue to discuss it because the community wants to make the right decision. Making a delicious dish will take hours, but Campbell's Soup can be served in one minute. This community does not want Campbell's Soup. The City should cherish and honor the community's desire to spend more time on this project. A survey conducted by the Library Board only received 400 responses, but the City needs to find out what the other 9,000 people have to say. She urged the ADC to listen to the community. She believed that if the community were given more time, the community would be happier.

Kate Summers said she was speaking on behalf of the Library Board and would submit a prepared statement to staff. The Library Director, members of the Friends of the Astoria Library (ALFA), Library Foundation Board, and Library Advisory Board attended the Public Library Division of the Oregon Library Association Fundraising Workshop in October at the Tigard Public Library. Presenters Peter Pearson and Sue Hall from Library Strategies led the group in presentations and discussions on aspects of 21st Century libraries; distinct roles of

staff, trustees, friends, and foundations; funding modern libraries; and best practices for friends and foundations. Library Strategies shared resources for development planning, design assistance, library foundations, and creating a government plan for annual fundraising and capital campaigns. Mr. Pearson and Ms. Hall said capital campaigns are the most fun, but also a major endeavor. They recommended creating a capital campaign steering committee within the foundation and to start early with annual giving efforts if a capital campaign is upcoming. The attendees were at the workshop to learn as much as possible about fundraising for the benefit of the Astoria Library and came away with new tools and knowledge of how to reach goals. Many of the attendees were in the audience and Ms. Summers asked them to raise their hands.

Patsy Oser, 254 W Irving Avenue, Astoria, said she has been reading aloud to classrooms of school children for more than 25 years, first as a teacher librarian in Chicago public schools and for the last four years in Astoria. She reads to every class at Astor School each week during the school year, working three full days each week and reading for free. This demonstrates how much she believes in the lifelong benefits of reading to children. In all of the recent discussion about the Astoria Library, three points stand out. 1) There is little disagreement over the need for a new or renovated public library. 2) The social and economic benefits to downtown in general and Duane Street in particular would be roughly equal if a new library was located at 10th Street or 12th Street. 3) The financing requirements for any solution are poorly understood by all concerned, including herself. To move forward productively, the three concepts of renovation in place should be reviewed and contrasted based on her three points. The comparison must put financial considerations up front. What specifically can the City contribute in terms of cash on hand, bonding capacity, and ongoing operating costs? The City's Finance Department should be charged with this analysis, which should include costs of moving and operating the library during construction, if necessary, and of operating a new library on one or two levels. What specific steps are necessary to acquire the Waldorf and what is necessary to prepare the east end of Heritage Square? The City's Engineering Department should be charged with this analysis. What specifically will the economic benefits of a new library at 10th or 12th be? This limited scope of work should be contracted to a library or urban consultant, like Ruth Metz or Michelle Reeves, both of whom are familiar with Astoria. A careful consideration of what non-municipal financing is really possible should be undertaken. Director Cronin should assemble a volunteer team of persons with philanthropic, public, and private real estate development and financial expertise. The implementation of this or a similar plan would allow the postponement of a decision on Heritage Square instead of voting the project up or down prematurely.

Mayor LaMear called for a recess to convene the City Council meeting at 7:00 pm. The ADC meeting reconvened at 8:37 pm.

Commissioner Price suggested the meeting adjourn at 9:15 pm, which would be three hours and 15 minutes after it began. Commissioner Herzig noted that if comments were limited to three minutes, the meeting would take another 45 minutes. Commissioner Nemlowill did not want to set a time limit. The Commission decided not to adjourn at a specified time.

Mayor LaMear called for public comments about Heritage Square.

Suzanne Herald, 758 Harrison Avenue, Astoria, said she was born in Astoria and just moved back about two years ago, when everyone was talking about how downtown had improved over the last few years. She constantly heard from people in Portland that Astoria was fantastic. She did not hear comments like this in the 1980s. There used to be an agreement that the lynchpin to Astoria's revitalization was the Liberty Theater and the City took a risk to fund the theater and start the revitalization. She believed building a new library would be a similar endeavor. Multiple studies have shown that a strong library is an economic boom to a community, to children's education, to adults looking for work, and to adults improving their own education. Astoria is at the cusp of a great opportunity. She encouraged the Commission to embrace this opportunity. In the decade she worked for Multnomah County Library in Portland, she saw firsthand what it was like to be in a community where the library is the centerpiece. The ability to say the library is one of the best in the nation is an amazing opportunity. It would be heartbreaking to watch such an opportunity slip away.

George McCartin, 490 Franklin Avenue, Astoria, urged Commissioners to include a link to the Heritage Square study in the next water bill.

Dan Stein, 16 Skyline Avenue, Astoria, thanked the professionals and staff for developing some great options in such a short amount of time, especially when there is no consensus. He believed Ms. Hernandez did a great job

summarizing the committee's feeling. He noted Commissioner Herzig had asked for a recommendation from the Committee.

Commissioner Herzig clarified that he had asked for a recommendation from the consultants, who were paid by the City. He was not faulting the Committee in any way. The City paid the consultants \$16,000. The Committee should not feel responsible for that expense.

Mr. Stein thanked Commissioner Herzig for clarifying and said the Committee had considered recommending filling the hole and leaving the space open until a consensus could be made about what should be done with the space. He encouraged the Commission to give this project a lot of thought because there are two issues, an outdated and obsolete library that is not living to its full potential for the city and a hole in the ground. There may be separate solutions for each issue.

Mayor LaMear confirmed there were no more public comments and asked staff to present a decision.

Commissioner Herzig reiterated that he was not faulting the Advisory Committee in any way. The Committee was appointed by the Mayor to do a specific task but that was not presented to City Council when they were presented with a bill for \$16,000. His comment was about the consultants, but he believed the Committee misunderstood this.

Mr. Stein clarified that the misunderstanding was his mistake.

Commissioner Herzig asked if Ms. Hernandez had misunderstood as well.

Ms. Hernandez said she had spoken honestly. She believed in that moment that an apology was in order. Director Cronin listened to the Committee when the Development Commission would not and tried to get the Committee to come to a consensus. Director Cronin told the Development Commission the Committee was not ready to make a decision because they wanted to hear from more people. She felt offended on Director Cronin's behalf, even though he was not, and she took the comments seriously. Director Cronin had the courage to say that he was not going to make a recommendation without having the right answer. Therefore, she believed he deserved an apology.

Commissioner Herzig thanked Ms. Hernandez and said he appreciated her comments. He added that he hoped Director Cronin did not feel the same. His remarks were addressed to the consultants who were hired to do a certain job. The consultants are now saying they are unable to provide a recommendation for various reasons, which he understood. He was disappointed, but was not faulting Director Cronin in any way for what the consultants have presented.

Director Cronin thanked Commissioner Herzig. He had questions that he believed would help frame the discussion and help the Commission make a decision. The Commission discussed each question as follows:

1. Does the Commission accept the Heritage Square report, which includes project values?

Director Cronin noted the project values could guide future decisions and if accepted, the report could be used to pursue grant opportunities. Commissioner Herzig noted this report was requested by City Council several months ago, so it would be strange not to accept it. The report can be used regardless of how the City decides to move forward with the project.

Commissioner Price understood accepting the report meant the Commission was accepting a mixed-use library at Heritage Square. Commissioner Warr explained that only a report would be accepted, not a goal or action. Commissioner Price said she could not accept a report the community has not given a consensus on. Director Cronin reiterated that the Commission is only being asked to accept a report, not a recommendation. Staff did not make a recommendation, just presented information. Commissioner Herzig further explained that because no recommendations were made, the Commission is not committing to any course of action. Commissioner Price confirmed the Commission was being asked to accept a report that states there is no consensus.

Director Cronin explained that if the report is accepted, the Mayor would appoint a new committee and staff would use the project values contained in the report to look for grant opportunities and request authorization to apply for grants.

Commission Action: Motion by Commissioner Warr, seconded by Commissioner Herzig, that the Astoria Development Commission accept the report on Heritage Square. Motion carried 3 to 1 to 1. Ayes: Commissioners Warr, Herzig and Mayor LaMear. Nays: Commissioner Price. Abstentions: Commissioner Nemlowill.

Commissioner Nemlowill explained she abstained because she wanted more time to review the information in the report.

Commissioner Price was concerned that accepting the report meant she accepted the options. She accepted that the report was created and that staff and the consultants did a thorough investigation of a library housing development at Heritage Square, which is what City Council directed staff to do. However, even after an investigation, staff is still unable to make a case.

2. Does the Commission want to move forward with additional feasibility of filling the hole for open space?

Director Cronin noted there was a consensus among the community that the hole should be filled and used as open space. If the Commission wants to move forward with this, staff would investigate more options for costs, continue to solicit public comments, and recommend some specific options. Otherwise, this issue could be revisited at a later date.

Commissioner Nemlowill asked how staff planned to spend \$450,000 on filling the hole after already spending money on the environmental remediation. Director Cronin said staff would solicit more public input to figure out what would go on top of the hole once it is filled in. Most of the money would be spent on filling in the hole. Commissioner Nemlowill asked if filling in the hole would eliminate options like underground parking or an amphitheater.

Ms. McCann explained that estimated cost of \$450,000 to fill in the hole was based on the best assumption right now. In the future, if the City does decide to consider an underground structure, engineering designs would produce better cost estimates. The current cost estimates are conservative. The report discussed an underground parking structure only underneath the building, not in the hole. So, filling the hole would not prevent the City from putting parking under the building. However, filling in the hole could prevent additional underground parking from being built underneath other portions of the block. Building an amphitheater or plaza will not be a big deal in the grand scheme of the development. A structural wall could be built to hold the infill and allow for some flexibility. The hole could be filled and a useful space be built in the interim.

Commissioner Nemlowill asked what kind of surface was considered in the cost estimate, noting that the cost estimate also accounted for expensive engineering, underground walls, and soil. She also wanted to know what could be done with the material and what the area would look like. Ms. McCann explained that the estimate considered structural walls based on other similar walls constructed for other projects. She did not have the opportunity to design the walls, so estimates are based on the costs of similar projects. The surface could be paved or left open. The estimated costs might shift once there is a decision on the surface, but a temporary fix could be done within the estimated dollar amount.

Commissioner Nemlowill believed the project was back at square one with no plan for an interim use of the space. This has cost the City a lot of money. She wanted to see the hole filled, but believed it would be a waste of money to move forward without a plan.

Commissioner Herzig said he did not want the hole filled and then have to dig it up again. He believed everyone shared this concern. This report does not give clarity. Obviously, the City needs the Letter of No Further Action from DEQ. However, the City is not sure if the space will be hardscape or lawn. The type of soil used to fill in the hole will depend on what goes on top. He wanted to staff to consider the options, but he believed the City was afraid of painting itself into a corner. He asked if there was any middle ground on this issue. Director Cronin said feasibility was the focus. Staff was trying to use the information it has to move forward with the next step. Staff must receive authorization from Council or the ADC before taking action.

Commissioner Nemlowill confirmed this did not alleviate her concerns.

Commissioner Warr understood that staff wanted permission to start a new process that would help the ADC decide what to do. He confirmed the Commission was not being asked to commit to anything at this time. Voting yes would require staff to come back with a recommendation.

Commission Action: Motion by Commissioner Price, seconded by Commissioner Herzig, that the Astoria Development Commission direct staff to study the feasibility of filling the hole at Heritage Square for use as open space. Motion carried 3 to 2. Ayes: Commissioners Warr, Price and Mayor LaMear. Nays: Commissioner Nemlowill and Herzig.

3. Is there a consensus that Heritage Square is a good candidate for new housing to address the housing shortage in Astoria?

Mayor LaMear confirmed staff was asking permission to consider housing options, not asking to develop housing at Heritage Square. City Manager Estes added that the Commission should also decide whether Heritage Square was a good candidate for addressing the housing needs.

Commissioner Price did not believe housing was appropriate at Heritage Square because there was no consensus for putting the mixed use library with housing at that location. She believed many people wanted Heritage Square to be an open common area with parking, room for the Sunday Market, and green space on top of the hole. However, there is no consensus among the community. She would vote no to housing on Heritage Square. Commissioner Warr said he would second that motion.

Commissioner Nemlowill said the environmental cleanup at this site was done to prepare the site for housing opportunities. When the City first acquired the site in 2003, a report stated that volatile organic compounds may be left undisturbed unless residential use is proposed. The City has spent a lot of money on the site to prepare it for the opportunity to build housing. Astoria has a housing shortage, not an open space shortage. After touring the park facilities, she believed more open space in Astoria did not make sense. She believed a commons or gathering space, space for the Sunday Market, surface parking and housing could be built at Heritage Square. All of those components are possible without dedicating the entire property to open space.

Commissioner Herzig believed that when the City acquired the Safeway parking lot, part of the contract required the parking lot be replaced with some type of development. Therefore, the City cannot leave the area as open space. The City has received years of community input about the use of the Safeway parking lot, which has supported a mixed-use development. He did not know if the consultants reviewed any of the previous community surveys, but he believed the responses consistently supported a mixed-use development at the site. He believed this round of community input was less decisive, but the other rounds cited in the document were conclusive. The community has repeatedly said a mixed-use development should be built at the site and he believed this was the direction the City should go.

Commission Action: Motion by Commissioner Herzig, seconded by Mayor LaMear, that the Astoria Development Commission direct staff to consider housing options at Heritage Square. Motion carried 4 to 1. Ayes: Commissioners Warr, Herzig, Price and Mayor LaMear. Nays: Commissioner Price.

4. Does the Commission still consider 18,000 square feet an appropriate size for the library?

City Manager Estes noted that if staff pursues a library at Heritage Square, staff would consider options to accommodate an 18,000 square foot library. Otherwise, staff would consider the existing library site or another smaller site and the details of a site other than Heritage Square would be decided at another time. Staff wants to know if a library at Heritage Square should be pursued.

Commissioner Price said she would move to consider sites other than Heritage Square for a library.

Commissioner Warr did not believe the City would ever consider spending \$38 million to make another vacant building in Astoria. Therefore, he would vote against pursuing a library at Heritage Square.

Commission Action: Motion by Commissioner Price, seconded by Commissioner Warr, that the Astoria Development Commission direct staff consider options for a library smaller than 18,000 square feet at locations other than Heritage Square.

Commissioner Herzig asked what would happen if the Commission decided to build a library at Heritage Square and a beautiful multi-story building design was developed. Director Cronin said City Council has the option to move forward with that plan; however, a single-story building is very important to the operations of the library.

Commissioner Herzig said he understood, but the City could hire another librarian. Directing staff to pursue options for a library at Heritage Square was not a commitment to a single-floor library.

Mayor LaMear had four reasons she believed the library belonged at Heritage Square. 1) Placing the library and meeting space next to the Garden of Surging Waves would create a beautiful and much needed central gathering place for the community. 2) The library at Heritage Square would encourage revitalization of Duane Street. 3) The current library building could be used while the new library was being built. This would preclude having to relocate the library or even be without a library during construction. 4) Including housing above the library could encourage developers or investors to provide funding for the construction of the library. She wants a 21st century library and including a library in the revitalization of Heritage Square would be wonderful. However, she would support the will of the people and City Council. There are many good reasons to put the library at Heritage Square.

Commission Action: Commissioner Price withdrew her motion that the Astoria Development Commission direct staff to consider options for a library smaller than 18,000 square feet at locations other than Heritage Square.

Commissioner Price explained she withdrew her motion for clarity. She believed it would be easier to move in favor of a library at Heritage Square and then allow the motion to pass or fail.

Commissioner Nemlowill said this was a different process and she was glad staff was getting some concrete answers. However, she did not understand the question and was unsure how to vote. She asked how Mayor LaMear planned to vote.

Mayor LaMear said she would vote in favor of the motion.

Director Cronin said 18,000 square feet can be accommodated at the existing library site, but only at the expense of the existing building. He has heard loud and clear that the public would like to preserve the existing building, even for another use. He understood Commissioner Warr's concern about a vacant building. His job is to fill the vacant buildings in Astoria, not create more vacancies. If the City hires a developer to help build a new library, that developer would be in position to purchase the existing library building from the City. The developer would be required to have a plan for using the building. This scenario is typical in redevelopment plans.

Commissioner Nemlowill believed the current library site and Heritage Square were both viable options. The Commission could use more information, especially about the current site.

Commissioner Warr said when this process began, he believed a library at Heritage Square would be so expensive that it would take years to develop. The report exemplifies this. He agreed with Ms. Oser that the City should figure out how much it can afford to spend and then move forward. A library at Heritage Square is a noble dream. However, \$38 million is almost what the CSO projects are costing. He believed a library at Heritage Square would be developed so far into the future that he would not live to see it. The City owes the public a better plan. Therefore, he wanted to consider options for the existing building. He planned to vote against a library at Heritage Square.

Commissioner Herzig said the question was whether 18,000 square feet was acceptable for space planning. The question is not about where the library should be located. City Manager Estes reminded that 18,000 square feet was identified as necessary by the Metz plan. The question is whether staff should move towards accommodating the 18,000 square feet on Heritage Square or consider another site. The location is the issue, not the square footage.

Commissioner Herzig understood that if the Commission voted against a library at Heritage Square, the City would be committed to a library smaller than 18,000 square feet. City Manager Estes explained that if the Commission voted against a library at Heritage Square, staff would consider how the existing library site could accommodate 18,000 square feet. Proposed options have included expanding the building into the parking lot or the Waldorf site. The City would need to consider the ramifications of operating a two-story library building.

Commissioner Price believed the community has expressed interest in plans for using the current library building, with or without the basement and/or adjacent space. All of these options have been presented and discussed at previous work sessions and she expected the Commission would be asked to consider the existing library building. She agreed with Commissioner Warr that the expense of a library at Heritage Square was a big issue. The cost is mind-blowing. She also felt obligated to prevent Heritage Square from being left in a state of blight. People have said moving the library to Heritage Square would be more convenient, but it is only one block away from the current site in a six-block downtown. The library seems remote because it has been next to an abandoned building for decades. This is a very emotional issue and people care very much about the Waldorf/Merwyn. However, no one has cared enough to actually do anything with the Waldorf. Therefore, she believed the City should get rid of the Waldorf and save the existing library building. Everyone will need to compromise. Renovation of the Van Dusen building will be complete in about a year and it will be a vibrant place. The City could make this part of town beautiful. Heritage Square is already beautiful, even though it has a hole that needs filled. She believed the City could come up with \$500,000 to fill the hole. She believed she was obligated to the community to stop engaging in ideas that required \$20 million capital campaigns. She believed the existing library site should be considered. The best idea she has heard was to get rid of the Waldorf/Merwyn, build a new building on the back half of the Waldorf lot with a courtyard on the front half. The building would architecturally span the decades between City Hall and the library. Entrances on the east and west sides could join the new building to the library and City Hall. Professional architects and designers from Astoria should be hired to consider the existing library with or without additional space. Local professionals would really understand Astoria's own sense of place. The community should discuss this soon.

Commissioner Herzig did not believe blight would be an issue if the library were relocated. The homeless work group has identified a drop-in center as a dire need in the community. A co-location with Clatsop Community Action and Clatsop Behavioral Health Care would be an incredible service to the community. Placing this center across the street from The Harbor would be ideal. The City desperately needs the existing library space for social services. Therefore, blight should not be a concern. If the library is not moved to Heritage Square, the City still needs to decide how to develop Heritage Square. This issue will not take care of itself and cannot continue to exist as is. The City is contractually obligated to develop Heritage Square. Money might be saved by keeping the library in its existing location, but money will still be spent developing Heritage Square. A library with workforce housing addresses so many community needs simultaneously. He believed exploring reality-based options would be worth the risk. He reiterated that blight will not be a problem and money will still have to be spent on Heritage Square.

Commissioner Nemlowill was glad that the Commission was looking at all of the issues critically because the Commission is trying to solve two very complicated problems. She wanted assurance that the cost estimates were correct. A project at Heritage Square would cost about \$30 million, but the library component of that project would only be about \$13 million and the housing component could be largely funded by private developers. The City would not be burdened with the total costs. The cost estimates include some aspects that the project might not need. So, building a new library at Heritage Square will not necessarily cost \$30 million or \$38 million. She confirmed the capital campaign would be \$15 million.

Commissioner Herzig understood the cost estimates for the streetscapes were all on the high end. The estimates could come down considerably as the details are worked out. He believed the total project costs could be as low as \$20 million.

Commissioner Nemlowill noted that the City has owned the former Safeway site since 2002. In 13 years, the City has failed at redeveloping the site. The City is best at providing services to the citizens of Astoria. The public process 10 years ago was much more extensive and this last charrette only considered the option of a library with housing, which seemed to be favored by the community. A mixed-use library at Heritage Square would be of a lower cost to the City because a private entity would be involved and it would add to the City's tax base. She believed housing was needed and was good for economic development. A mixed-use library would add 24-hour vitality to the downtown. The Safeway site was intended to provide revitalization to downtown Astoria, not resolve the parking issues. Michelle Reeves had talked about all of the parking opportunities in Astoria. The City has never taken a comprehensive look at the way parking is designed or at underutilized parking areas. The parking was designed before Astoria had a tourism industry. She understood how important parking was to the downtown businesses and the Safeway site is not the only solution. She believed it was a good time to bring in another entity to relieve some of the City's burden and find out what the private sector would do with the site.

Commission Action: Motion by Commissioner Price, seconded by Commissioner Herzig, that the Astoria Development Commission direct staff to consider options for an 18,000 square foot library at Heritage Square. Motion tied 2 to 2. Ayes: Commissioners Herzig and Mayor LaMear. Nays: Commissioners Warr and Price. Undecided: Commissioner Nemlowill.

Commissioner Nemlowill said she still did not understand the question.

Ms. Hernandez stated the Project Advisory Committee could not come to a consensus after having the same conversation.

Mayor LaMear noted the meetings had been in session for 3 ½ hours and a break was necessary. She suggested this discussion continue at a future meeting.

Director Cronin stated that in the meantime, he would do what he could to answer Commissioner Nemlowill's questions and any other questions. Staff would summarize their answers in a memorandum.

City Attorney Henningsgaard said the meeting should not be adjourned while an active motion remains on the floor.

Commission Action: Motion by Commissioner Price, seconded by Commissioner Herzig, to table the motion regarding this issue to a later date. Motion carried unanimously. Ayes: Commissioners Warr, Price, Nemlowill, Herzig and Mayor LaMear. Nays: None.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 9:30 pm.

ATTEST:

APPROVED:

Secretary

City Manager

ASTORIA DEVELOPMENT COMMISSION

City Council Chambers
December 21, 2015

ADC JOURNAL OF PROCEEDINGS

A regular meeting of the Astoria Development Commission was held at the above place at the hour of 8:36 pm.

Commissioners Present: Price, Herzig, Warr, Nemlowill, Mayor LaMear

Commissioners Excused: None

Staff Present: City Manager Estes, Police Chief Johnston, Community Development Director Cronin, Planner Ferber, Special Projects Planner Johnson, Parks and Recreation Director Cosby, Finance Director Brooks, Fire Chief Ames, Library Director Tucker, Public Works Director Cook, and City Attorney Henningsgaard. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

REPORTS OF COMMISSIONERS: No reports.

CHANGES TO AGENDA: No changes.

CONSENT CALENDAR:

The following item was presented on the Consent Calendar:

- 5(a) Astor Hotel Subordination Agreement (Community Development)

Commissioner Herzig said the agreement was between Paul Caruana of Astor Hotel, LLC, and Verizon to place a cell phone tower on top of the hotel. Commissioner Herzig wanted to know how much Mr. Caruana would receive from Verizon since he had received Urban Renewal Funds. City Manager Estes said a cell phone facility already exists on top of the building. The ADC approved a subordination agreement earlier in the year for Brian Faherty and Paul Caruana. This agreement just changes ownership since Mr. Ferrety is no longer an owner of the building.

Commissioner Herzig understood this was just a housekeeping measure; however, he wanted to track how much income Mr. Caruana was making by leasing space on the Astor Hotel to Verizon for the cell phone tower because the City has given him Urban Renewal Funds.

Commissioner Nemlowill did not believe this was appropriate because private entities who receive Urban Renewal Funds are not required to report proprietary information.

Commission Action: Motion by Commissioner Price, seconded by Commissioner Nemlowill, to approve the Consent Calendar. Motion carried 4 to 1. Ayes: Commissioners Warr, Nemlowill, and Price, and Mayor LaMear. Nays: Commissioner Herzig.

REGULAR AGENDA ITEMS:

ADJOURNMENT:

There being no further business, the meeting was adjourned at 8:30 pm.

ATTEST:

APPROVED:

Secretary

City Manager



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ADC REGULAR AGENDA ITEMS

Item 6(a) Heritage Square

(No documentation is included for this agenda item)
