

## ASTORIA BUDGET COMMITTEE

City Council Chambers  
July 1, 2013

## ABC JOURNAL OF PROCEEDINGS

A regular meeting of the Astoria Budget Committee (ABC) was held at the above place at the hour of 7:15 p.m.

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

Committee Members Present: Kera Huber, Richard Hurley, Loran Mathews, and Kathleen Sullivan

Committee Members Excused: Laura Leebrick

Staff Present: City Manager Benoit and Community Development Director Estes. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

### CONSENT CALENDAR:

The following items were submitted on the Consent Calendar:

- 3(a) ADC Budget Committee Minutes of 4/25/13
- 3(b) Budget Committee Minutes of 4/24/13**
- 3(c) Budget Committee Minutes of 4/25/13**

Councilor Herzig requested that Item 3(c) be removed from the Consent Calendar for further discussion.

Committee Member Mathews requested Item 3(b) be removed from the Consent Calendar for further discussion.

**Commission Action:** Motion by Councilor Herzig, seconded by Richard Hurley, to approve Item 3(a) of the Consent Calendar. Motion carried unanimously. Ayes: Councilors Warr, LaMear, Herzig and Mellin; Committee Members Huber, Mathews, Hurley, Sullivan, and Mayor Van Dusen. Nays: None.

Mr. Mathews stated that he was not present at the Budget Committee meeting of 4/24/13. The minutes made no mention of electing a chair or secretary. All the motions stated that Mr. Mathews voted, however, he was absent. He clarified that he was referring to the corrected set of minutes that was emailed previously in the day.

City Manager Benoit stated that Staff would refer to the audio and contact the transcription company to have the minutes corrected.

Councilor Herzig requested that edits be made on Page 3 of the 4/25/13 Budget Committee Minutes under Promote Astoria Fund to reflect that Richard Hurley suggested setting aside some money from the Promote Astoria Fund to promote the arts, culture and heritage; and that Councilor Herzig suggested \$30,000 would be a good amount to start the fund.

Mayor Van Dusen suggested referring to the audio. City Manager Benoit stated the minutes could be corrected using verbatim language.

### REGULAR AGENDA ITEMS:

#### **Item 4(a): Tourism Promotion Program (Finance)**

During the FY 2013-14 budget process, a recommendation was put forward to create a Tourism Promotion Program to support tourism development and promotion projects in the City. (To review Budget Committee discussion regarding this recommendation, please see "Item 3(c) Budget Committee Meeting Minutes of 6/25/13", on page 3 under "Promote Astoria Fund".) Funding for the program would come from the Promote Astoria Fund, which receives its funding from Transient Lodging Taxes. Because of this recommendation, the budget for the 2013-14 fiscal year was amended to include a line item for Tourism Promotion in the Promote Astoria Fund for \$30,000. This amendment was later adopted by the City Council on June 3, 2013. Attached are a set of draft guidelines that staff have developed to govern the award of these funds. Staff is asking the Committee to review the guidelines for the allocation of the funds and offer comments or suggestions to the City Council for improvement.

Mr. Hurley said he appreciated Staff's efforts in developing a methodology for the program and the guidelines. He agreed with most of the guidelines but disagreed with the \$3,000 limit and the three-year time limit. He envisions a fund that would best promote Astoria. Given the source of funding, the organization's efforts should promote Astoria. Those organizations that promote Astoria the best would be the organizations that would receive the available funds. With this being a new endeavor, the City could have four applicants. Each applicant would be limited to \$3,000 while the City has \$30,000 to spend. Some organizations like the Astoria Regatta Association should be supported annually. The City should also support annual events, including the Astoria Music Festival and Scandinavian Festival. These events celebrate art and culture, not necessarily of this area, but they bring people to Astoria, filling up the hotels and restaurants which provide an economic benefit. He liked the idea of encouraging new festivals. The guidelines could specify that \$6,000 be used for new and emerging events. He encouraged ongoing expenditures of greater than \$3,000 be allowed with no maximum. As an accountant, he would not use the term 'non-profit organization' and suggested being more specific by naming an IRC. He suggested editing the guidelines to read "The applicant must demonstrate how this event will bring tourists to Astoria."

Ms. Sullivan believed it could be difficult for some new organizations to raise the necessary matching funds. She understood why it would be beneficial to require matching funds but wanted to discuss this further. She asked if requiring matching funds was a way to verify that the organization was serious.

Mayor Van Dusen asked if the Budget Committee to make exceptions concerning matching funds. City Manager Benoit answered yes, adding that City Council and the Budget Committee could make exceptions to any of the guidelines. Mayor Van Dusen said it would be good to inform applicants that requests could be made for an exception if they do not have the money for matching funds.

Councilor LaMear recalled that one reason for creating this fund was to help arts organizations who were asking for assistance, but the Council had no way to help because all the funding was allocated to social service agencies. She was a bit concerned that the focus was on making income from tourism rather than expanding arts and culture in the community. She noted the upcoming in-home Studio Arts Tours and questioned whether drawing tourists should not be a criterion for eligibility. Eligible events should provide opportunities to expand and assist Astoria's artistic community. She was concerned about the emphasis on tourism promotion.

Ms. Sullivan noted that funding could be used to provide tickets for groups of people who would not have otherwise attended an event, such as the Astoria Music Festival. This would benefit the community by exposing more people to an event. Serving the residents of Astoria helps build the community.

Councilor Herzig agreed with Councilor LaMear and Ms. Sullivan, adding that he has served on the Clatsop County Cultural Coalition, which also gives out grants. Requiring matching grants and drawing tourists are a benefit, but not the primary goal. Eligibility criteria should ensure that funding is used to enrich the arts, culture, and heritage of the community. Allocating a portion of the Promote Astoria Funds to promote tourism is redundant. He would like to see the City focus on promoting arts, culture and heritage, which will enhance tourism. The Cultural Coalition does not require applicants to be a non-profit; even a school teacher could apply to take their class on a field trip. The application helps determine eligibility so that some of the eligibility criteria do not need to be set in advance. He would like some of the eligibility criteria removed but still considered during evaluation of the applications.

Ms. Sullivan asked the funding sources of the Clatsop County Cultural Coalition. Councilor Herzig responded that the Oregon Cultural Trust funded the coalition. She asked if the money was tax money, like the Promote Astoria Fund. Councilor Herzig answered yes. He believed it was lottery money.

Mr. Mathews expressed concern with an ongoing subsidy as some of the organizations may need help beyond three years. The fund could assist many organizations. He was also concerned about preventing organizations from using the funds for capital as some organizations may want to do a capital project that would benefit them, rather than just having operating funds.

Councilor Herzig noted that the North Coast Choral received funds from the Cultural Coalition to pay for risers, which was not event specific. It was sensible to be flexible when considering applications.

Mayor Van Dusen called for public feedback on the Tourism Promotion Program.

Cheryl Silverblatt, 811 Glasgow Avenue, Astoria, thanked the Budget Committee for allowing public comment. She stated the following concerns and ideas:

- The proposed program needs a purpose statement that identifies the purpose of the funding and how it will be distributed. When an applicant is denied funds, the City will be able to explain that the applicant could not show that funds would be used to fulfill the purpose.
- She suggested changing the name of the program to Arts and Cultural Fund to Promote Tourism.
- She believed Councilor Herzig, Councilor LaMear, and Mr. Hurley were saying that this program is event driven. The money should not be used just for events. Many events are funded primarily through the Chamber of Commerce that receives many tourism dollars, so this program should not be event driven.
- Requiring matching funds will promote larger organizations because they will be able to provide the match. Small organizations will not be able to match the funds.
- She did not believe the funds should be granted to groups already receiving Promote Astoria money. This \$30,000 should be designated for groups who do not have an opportunity to promote events through the Chamber of Commerce or come to City Council to get Promote Astoria dollars. The money could be used to start an incubator fund for arts and culture groups or even co-marketing for similar groups to promote events within and outside the region. An incubator fund would help arts and culture groups to grow, which will benefit tourism, but the community will benefit the most.

Ms. Sullivan asked for clarification on Ms. Silverblatt's statement that the money should not be event driven. Ms. Silverblatt responded several groups have received a significant share of the tourism dollars for standard recurring events. The Crab Festival, the Bridge Run, and other specific events have been receiving a lot of the money and have done a good job with it. If the City is going to provide \$30,000, the money should be set aside for groups that do not host events but do host an exhibit, tour, or concert. Many events occur in collaboration with the college and various community groups; they are not events like a big music festival. Funding these smaller arts and culture groups would improve the reputation, camaraderie and cooperation of the community.

Ms. Sullivan asked if these smaller groups would have tax exempt status. Ms. Sullivan understood that Partners for the PAC does not have tax-exempt status. They are operating under the umbrella of the college foundation which does have tax exempt status and serves as their fiscal agent.

Peter Roscoe, President, Astoria Regatta 2013, 857 Florence, Astoria, believed the funds should be limited. He supported a cap on the number of years that agencies are eligible for funding. The Regatta does not receive Promote Astoria funds. Most of the funding that Ms. Silverblatt mentioned is received by the Chamber of Commerce on a separate budget item. This fund will be valuable for the Regatta and other festivals. Incubating these funds for smaller groups is a healthy idea. The groups should be non-profit organizations because this is taxpayer money. Determining which groups get money in an unbiased manner can be a slippery slope. He supports a cap on funds and the time limit. The program is a great idea and provides the right amount of money on an annual basis. A cap of \$3,000 can be granted to ten different agencies, which carries a lot of weight in the community.

McLaren Innes, 4807 Birch Street, Astoria, congratulated the Budget Committee on considering this fund, adding it is a great compliment to the community. The arts and cultural heritage activities that already exist are irreplaceable and influence the health and wealth of Astoria. This show of support for the arts is brilliant. She strongly supported all of the concepts presented by Ms. Silverblatt. She urged the Budget Committee to work towards a solution as great parameters have already been established.

Don McDaniel, 1268 Kensington, Astoria, did not believe most people understand how much a non-profit status costs. Small organizations may not have the funds to receive non-profit status. He did not understand the mechanism for approval of funds. Granting \$3,000 will dissipate the effect of the City's goal. Emphasis on cooperative marketing would be more appropriate. The business community should select their own committee to decide how the funds should be used.

Mayor Van Dusen asked if the Crab and Wine Festival, Scandinavian Festival, or Regatta received funds from the Chamber of Commerce. City Manager Benoit stated that the Crab and Wine Festival is an event hosted by the Chamber of Commerce. The Scandinavian Festival and Regatta do not receive funds from the Chamber.

Mayor Van Dusen asked which large events receive funds from the Chamber. Mr. Hurley explained that the funds that go to the Chamber are used to promote events that make money for the Chamber, like the Crab Festival and Bridge Run. Ms. Silverblatt added they receive money, which is used to make more money. Mr. Hurley explained some of the funds are general money for the Chamber to run their office and some funds are used to advertise in cooperation with some of the other chambers to promote Astoria. Ms. Sullivan explained that these money making events use one set of funds to advertise the event and the other set of funds to pay for the planning of the event.

Unknown clarified the Chamber has two committees that the Budget Committee is allocating money to, not to the Chamber per se. The City is not giving money to the Chamber as a whole simply to increase their budget. City Manager Benoit explained that one allocation of money goes to the Chamber to be used for day to day operations. The other allocation is spent on tourism promotions and is managed by the Lower Columbia Tourism Committee (LCTC). The committee includes representatives of the Maritime Museum, the Historical Society, and other tourism oriented groups. Money is generally used to promote the whole region, not a specific event.

Mr. Hurley stated the Chamber allocates funds to a Portland firm that provides advertising to bring people to Astoria. He believed \$30,000 would be a good amount to get the fund started. The idea could broaden so the \$30,000 should not be a cap. It is beneficial to have funds to seed other organizations. The amount could be increased to fund both ongoing events and seeding organizations. It is very important to consider the source of the funds, as well as the cause and how noble it may be. Astoria could embrace and promote the arts more; however, this is about using Promote Astoria funds that should be used to promote Astoria and not be confused with promoting arts. He supports promoting the arts and believes an arts commission would be a good idea. Promoting Astoria should not be mixed with promoting the arts. Astoria is gaining a reputation as a center for arts and it would be great for the City to embrace that with money. He suggested that matching funds not be required, but encouraged. The Committee has a very analogous procedure that has been used over the years for nonprofit and social service organizations and that policy does not require matching funds.

Mayor Van Dusen liked Councilor Herzig's comments about matching funds helping organizations earn more points toward receiving the program's funding.

Councilor Herzig suggested continuing the conversation at the Budget Committee meeting in August 2013. He would like a public hearing conducted so more people can have access to providing input on this issue. This is an important discussion and tonight's agendas are full. He encouraged people to check out the Clatsop County Cultural Coalition, which has found a good way of addressing these same issues.

Mayor Van Dusen noted some committee members had not yet spoken on the issue.

Councilor Warr believed that the City's limiting funding requires caution and diligence in deciding how to allocate the funds. He liked the idea of an arts commission. For the purposes of this fund, he supports Staff's proposed criteria with the exception of requiring matching funds as a firm qualification.

Councilor Mellin stated that volunteer hours are often used as a match. She would like the Budget Committee to consider accepting volunteer hours as a match if matching funds are required. This started out as a Promote Astoria Fund. Events could be arts, music, or any type of event. The original intent was to give groups assistance in setting up an event. She liked the application process and believed it should be kept simple for the first year. The City should follow the plan as it is set up for the first year and alter the program later. This would reveal which groups are interested in using these limited funds.

Ms. Huber believed the program should be like that for social service program. The application keeps the process fair.

Mr. Mathews asked if this program complied with new State guidelines regarding room taxes. City Manager Benoit responded the guidelines are straight forward. An Oregon Statute limits use of room tax dollars, which are the source of this fund, to activities that promote or support tourism. A cultural or art event would definitely support tourism. The City could not use this money to buy a fire truck or pave a street.

Ms. Sullivan agreed it would be nice to have a City arts commission. Until a commission is created, she does not want to lose sight of how important the arts are. It has been proven in other communities that the arts bring

prosperity to communities. When this fund was first discussed, she understood the plan was to strongly emphasize the arts. She did not want to see that get lost to any type of event. Astoria has a growing arts community. Using the money as an incubator could help new arts groups in the community. The Committee would use good judgment. This program generated a great deal of hope in the arts community, who were very excited about getting a helping hand because they are earnest in what they are doing. She would like to see the City help the arts community as much as possible.

Ms. Sullivan asked how the February 28 deadline would affect 2013. She was concerned that the funds would not be available for use until 2014. City Manager Benoit replied the document is still just a draft and that the deadline can be set for any date. Mr. Hurley understood that the deadline would correspond with the fiscal year. City Manager Benoit explained the February 28 deadline was designed to sync up with the budget process in future years. There are other ways to allocate these funds depending on the Budget Committee decision.

Ms. Sullivan asked if social service agencies use a separate application or if they simply follow a list of criteria. City Manager Benoit stated these agencies must complete an application process.

Mr. Hurley asked if the Committee [59:30] is the best qualified group to judge the applications, adding the Mayor may need to appoint a committee. Mayor Van Dusen believed the Budget Committee is the perfect group. The City has a lot of committees and commissions. The Budget Committee has good people and enough time to process the applications. He noted the City did have an arts commission that asked to be disbanded because they wanted to serve the County, not just the City of Astoria. The commission was frustrated that they were limited to the city limits of Astoria and wanted to include Longbeach, Gearheart, and Cannon Beach. The commission can be reinstated if that is what the City wants. City Manager Benoit explained the commission never got traction at the County, but the County is now talking about activating a committee. Mayor Van Dusen agreed an arts commission should be county-wide because so much happens outside the city limits.

Ms. Sullivan asked if the subject funds were confined for use within the city limits. Mr. Hurley stated the money had to be used within the city limits of Astoria. Mayor Van Dusen said the money comes from the hotels in the city limits. Mr. Hurley added a lot of money is sent to the Astoria and Warrenton Chambers of Commerce.

Mayor Van Dusen said that the income from within Astoria provides many benefits to those outside the city. Astoria should be very careful to use the funds inside the city limits. Those outside the city limits benefit from city resources like the library, Aquatic Center, baseball fields, etc. so it important to be careful with taxpayer money and income from inside the city and the Committee should do its best to use the funds to help organizations inside the city limits.

Mayor Van Dusen announced this discussion will continue at the next meeting in August 2013. Public testimony will be received.

#### **ADJOURNMENT:**

There being no further business, the meeting was adjourned at 8:06 p.m. to reconvene the City Council meeting.

#### **APPROVED:**

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City Manager