

MINUTES
City of Newport
Infrastructure Task Force Meeting
City Hall Conference Room "A"
Thursday, September 19, 2013

Task Force Members Present: David Allen, Ralph Busby, Patricia Patrick-Joling, Mark McConnell, Mark Saelens, and Fred Springsteen.

City Staff Present: Interim City Manager Ted Smith, Community Development Director (CDD) Derrick Tokos, Public Works Director Tim Gross, Interim Finance Director Bob Gazewood, and Executive Assistant Wanda Haney.

I. Call to Order. Allen called the meeting to order at 3:03 p.m. He introduced everyone in attendance.

II. Approval of Previous Meeting Minutes.

MOTION was made by Patrick-Joling, seconded by Springsteen, to approve the meeting minutes of September 5, 2013, as presented. The motion carried unanimously in a voice vote.

Allen noted that he had sent an email re-arranging meeting dates. Meeting times will remain 300 to 4:30 p.m. Today is the fourth meeting. The fifth meeting will be October 10th; then October 31st. November meetings will be November 7th and 21st. The final meeting, the 9th, will be on December 5th.

Allen said that the next item to note was that there was an article in the News-Times yesterday regarding the Visual Arts Center, which was an agenda item before the City Council on Monday. The article reached some assumptions about what the Task Force did when in fact the Task Force didn't do what was reported. The Task Force hasn't looked at any specific city-owned properties and made any decisions; they have only asked staff to put a list of city-owned properties before the Task Force as a potential concept for discussions regarding looking at future revenue sources. He wanted to note for the record that the Task Force has never done anything with specific properties. He did speak with the reporter at the News-Times who agreed to clarify that in the Friday edition. McConnell noted that the folks he was at the meeting with when they left the meeting had the same impression as reporters; and he clarified that with them right away. He was waiting to see how the reporter perceived it, and he perceived it the same way; so there were five or six people who had the same perception. David said his comment was speaking about the process of the Task Force, and he thinks people reached the assumption that when he talked about this Task Force process that he was somehow including what they were doing at the Council meeting, which are two separate issues. But perhaps people were making a connection that wasn't necessarily so. He said that has been clarified, and everyone understands what the Task Force has been doing. Everyone understands what the City Council is considering. These are two separate parallel processes. McConnell wondered if the process here is kind of a sham if certain people on the Council are working through some other process ahead of time on ways to improve the budget. Allen said that he wasn't going into that issue right now. Perhaps McConnell can bring that up at a later time with staff; but right now Allen wants to just focus on what is in front of the Task Force on the agenda. If there are some other issues, McConnell can always speak to Tokos or Gross and get their take on it and perhaps they can bring it up to the City Council at some point in the future.

The final thing Allen wanted to bring up was that all the information presented at the last Task Force meeting on September 5th is now posted on the web page. So now the public and everyone else can look at all the PowerPoint presentations.

III. Existing Funding Structure. Gazewood was taking the lead on this presentation. He handed out spreadsheets he had prepared showing existing funding sources for projects. Gazewood noted that as Allen had indicated at the last meeting, he had broken this down into certain areas like bonds, rates, and areas like that. He had it broken into four schedules. The first, Schedule A, was bonded indebtedness; the second, Schedule B, was on special revenue/proprietary funds; the third, Schedule C, was on SDC funds; and the fourth, schedule D, related to the capital projects fund.

Beginning with Schedule A, Gazewood noted that there are five different debt funds that the City currently has outstanding. Those and the various factors that tie into that were presented on Schedule A. He noted that the beginning balance is the projected carry-over balance that went into the budget for this fiscal year. Certain debt funds require a reserve, and if you see a carry-over that is the amount that bond document requires you maintain and is not something you would normally touch and pay down. He explained that the purpose is so in the event that you don't have sufficient monies collected in order to meet that annual debt service, you go back to the reserve. He said that the wastewater GO bond is a refunding bond. He noted that this doesn't have totals on it; but it has six years left and probably averages close to \$850,000 annually. He said that is just a broad estimate. That is a substantial debt. Busby asked is we had anything that shows the mandated reserve on these; and Gazewood said that would be part of the budget document, but this is pretty close to it. The wastewater general debt beginning balance of \$573,556 was his recollection of where it was in 2007; so it has just been maintained. Busby asked if that is removable from that fund and can

be used for other applications. Gazewood said there may be a contingency thrown in there someplace. McConnell said that the reserve policy the City Council adopted did not include these bond funds. He said the bond documents mandated them. Allen said they are more discretionary reserves that we have some policy choice over. Busby said that on the wastewater GO bond where the ending balance is \$114,000 more than the start; if we only have to have the \$230,000 we started with, that implies that we have that \$114,000 to apply.

It was noted there was even a bigger difference in the water treatment plant GO bond column. Gazewood said that \$253,640 is set aside as contingency in that fund. He said that's probably what is needed to bring that up to what the reserve level is. It's either that or collection of older property taxes. He will look into that fund and find out exactly what that is. It might just be bringing the reserve up to what it should be to meet the annual debt, which is \$796,225. Gross noted that it would be helpful to know when these bonds are finished because in terms of timing, say a bond falls off in six years, from a strategic perspective we can go after a GO bond in the sixth or seventh year because nobody really sees an impact on their property tax because they are already paying on that. Gazewood said that is a terrific point and we should touch on that GO bond issue before the end of the meeting because it is very crucial in terms of our maximum debt ceiling. There may be certain commitments that have been made and could result in limitations of what we do in the future. McConnell said that on the water treatment GO bond, he would guess that \$13,000 is not the reserve that is required. Gazewood said that when you consider the debt service on that, it is \$796,000 in 2014. That would not be anywhere near close. McConnell said so even though it carried over \$13,000, that doesn't mean that is what was required; what was required might be what is shown at the bottom. Gazewood will look into that and find out what that debt reserve is. Gross wondered if how this was developed was to try to build up that reserve over a couple of years rather than going in and lumping it in there right out of the gate. When asked the timeline, Gazewood said that goes out to 2029.

Continuing, Gazewood noted that those debts in the first two columns are general obligation bonds that affect the maximum bonding authority, and the revenue sources are strictly property taxes. The third column is the wastewater general debt, and it shows the three areas that fund that debt; a transfer from the wastewater fund, transfer from the wastewater SDCs, and a good chunk from the room tax fund. McConnell asked where this debt payment is going, and Gross explained to a low interest loan through DEQ. He thinks both the GO bond and that are for the wastewater plant. Allen remembered talking about the debt service funds in the budget committee process; things weren't necessarily just GO bonds. Gazewood said there is a mix between the regular tax-supported debt payment type and other types. He said that everything we have bond through some sort of actual bond or lease purchase or loan is not reported on this schedule here; just the portion that deals with the funds that we are concerned about here.

Gazewood said that the water general debt is simply the purchase of those Seal Rock water lines; and that is \$60,000 a year until 2037. Allen noted that, as discussed at Monday's Council meeting, how we are handling the rolling stock has an indirect impact on how we are handling funding on infrastructure. Gazewood agreed and said that if one of those happened, it would affect that. Whether we do a straight lease or a 5-year tax levy that still ends up going back against the maximum debt level, which is 3% of market value. Allen said, based on Monday's discussion, if the Task Force comes up with a recommendation and we focus just on facilities and infrastructure, perhaps we can also get some idea as to how the City is handling the rolling stock issue so we can at least see any connection between the two. He said at the Monday meeting, the Council was hoping that would be another similar internal process with department heads working on that rolling stock issue. Smith noted that the department heads had started that on Tuesday. Allen said then perhaps by the time the Task Force has to make a recommendation to the Council on this stuff, staff can make a recommendation on that. He added that perhaps before that recommendation, Smith can make a presentation to the Council and make this a recommendation to the Task Force maybe toward the end of this process so we can get an idea before we make a recommendation what Smith and the department heads have put together as a way of handling the rolling stock issue. McConnell agreed that has a direct connection and has to be part of it. Allen said perhaps he would note that as an agenda item toward the end of this process as we get close to a recommendation.

McConnell asked about the low-interest loan. Gazewood said that is a combination of several, which includes 2007 low cap that goes until 2024, and 2009 in 2019, and the fire hall to 2018 with a balloon payment in 2018. He didn't include the regular general debt, which has the ones he was just speaking to; so the fire hall is not in here. He thinks this is a combination of South Beach bond encompassed into two debt services; 48th project and South Beach improvements. He said it looks like Urban Renewal. Allen asked if then there is still some additional information that we should have at some point. Gazewood said that he will clarify that. Allen said that perhaps Gazewood could send a handout by email before the next meeting so the members can take a look at it. From the audience, Nyla Jebousek asked if the information sent out will be posted. Allen said that the handout that supplements this will be posted on the Infrastructure Task Force web site. Gazewood noted that the last column is the general debt. That \$1,000 is just a carry-over. This is a group that has a couple of lease purchases in it, and the low cap is in there. The low cap requires a fee for handling the debt service payments. That is why the \$1,000 is in there to have a cushion to cover those fee charges. Gazewood clarified that so this does include \$200,913 from the general fund for the fire hall. Allen noted that now there won't be a supplemental handout; that information is actually in this handout. We just got it clarified. The general debt is what we were assuming would be sent out to us later, but it is actually here. Gazewood said that the general fund transfer includes the share of general fund's portion of annual debt service for that. He said this is where we had the confusion in the budget about appropriations. We were going to get into that discussion at the last City Council meeting, but he had to take off so we didn't

get into that. He said there were some strange things happening there. He said the rest of everything down there is a commitment that the Public-Works-related funds are obligated on their percentage amounts to meet their portion of the 2007 low cap; and that's a League of Oregon Cities financing and 2009 low cap, and then we incorporate additional money into the general fund share of the north side fire hall.

Gross wondered why there was such a disparity between the water and wastewater. Gazewood said it was probably the purchase of the sewer jet. Saelens asked how long the situation was for the general debt. Gazewood said there are several issues; the 2007 one goes out in 2024, and that last debt payment is \$25,675; the 2009 low cap goes out in 2019 at \$296,190; and the north side fire hall goes out in 2018 at \$202,097. Allen asked that when the Task Force has all the information in front of us and are trying to make a recommendation, if Gazewood could go through this handout and have a narrative for when you reference a fund saying what that amount is for so we know what the project is we are talking about. He is saying that for the benefit of the public and others, a narrative would be nice. We are perhaps going to be talking about specific projects as we go along with this, and it would be nice to see how specific projects are currently being funded.

Patrick-Joling asked if Gazewood's handout matched Gross's handout. Gross said that he doesn't have any of this data on his CIP spreadsheet because it doesn't apply to projects. Gazewood said that he wanted to give the committee a narrative, but he didn't have time. Allen asked if Gazewood could just try to connect those two spreadsheets (Gross' and Gazewood's). Gazewood said that when we get to capital projects, Gross is over-appropriated; and we need to talk about that. McConnell said back to line 12 in the general debt column (that \$58,000 that got transferred from line undergrounding), did that go to equipment or is that just a way of balancing. Gazewood said that we have the 2009 low cap, which is something that happened after he was here, so he's not really sure what all is entailed in that. What he can say is that it was a pretty big bond issue because it has a debt service of over \$290,000 a year, and the Public Works portion for that debt is almost 47%. McConnell said it looks to him like we are just using that line undergrounding item to help recover the debt service; it doesn't have a particular undergrounding function. Tokos said that presumably if we are tapping into the undergrounding fund to help retire debt, then the project itself has some undergrounding component to it to justify it. Gazewood will go back and research the items incorporated into the bond documents that built the estimates on the bond issue and will have that information for the Task Force.

The separate CIP sheet, which was an actual part of the budget document, was distributed.

Going on to Schedule B, Gazewood noted that it is a group of special revenue and proprietary funds. He has broken the street fund down into two categories because it is two activities specifically appropriated; street fund maintenance and street fund storm drain maintenance. There is water fund, wastewater fund, and finally line undergrounding fund. There are some beginning balances projected to be carried forward. The one activity that doesn't have a beginning balance projected is the street fund storm drain. He noted that until the County records are closed, he can't tell the committee what these beginning balance carry-overs are coming into the new fiscal year. This was put together in the spring with a best guess. Whether or not these change significantly, he can't tell the committee right now. By the time we have our next meeting he might be in a position to relate those figures to the Task Force. McConnell believed that the contingencies or reserves on this page are subject to Council policy that was adopted. Allen also thought they did try to set reserves in the water and wastewater, but not all of them. Gross thought the first two columns are odd because there is no such thing as street fund storm drain; that's a cost center of the street fund. Gazewood said he is just reporting it the way they put it in the budget. Gross said they do try to track separately between the two. Gazewood said he can clean up the language if Gross just tells him what it should be. Gross said in theory the street fund would have an ending balance of \$150,000 or something like that. McConnell asked if 2012-13 was the first year those funds were collected. Gross said it started last fiscal year, and they went right to the operational fund. Gazewood said that one thing that bothers him in the way the County records are kept for the budget purposes is how the revenues are accounted for. He said he needs to get the impression of the department heads of how they feel about it because he has different thoughts about where to show those balances and he doesn't want it to be something inconsistent with what the department head is expecting to see. His attitude toward it might be different. Gazewood said that the Task Force can see what is going on here. For example, the water and sewer user charges are carried across; there is \$3 million in the water and \$3.5 million in wastewater. Again, those are best guess estimates. The 5% factor that is peeled off and goes to the general fund comes off those figures only. So, if you took 5% of \$3 million, you would see that the City's budget had \$150 thousand from the water fund, and from the sewer fund 5% would be \$177 thousand going to the general fund. David said that at some point one thing we would be looking at in this Schedule B, which are special revenue bonds that we can use water and sewer rates for, is if we want to try to lessen those impacts in Schedule B we might have to make it up in Schedule A. Tokos told Gazewood that as we move forward to Gross's stuff one thing we want to keep in mind is that something that probably should be incorporated into at least these charts is the South Beach Urban Renewal both on its debt side and on its construction side.

McConnell asked about the numbers on line 19 (total requirement excluding contingency) and if Gazewood has factored in the contingencies and reserves required. Gross said that when we did the budget, they did not follow the policy for water and wastewater because it ended up being such a huge amount. It really wasn't necessary to maintain that level of contingency in water and wastewater for the sake of a project that we needed to do now. You look at it from the perspective that you keep a contingency to treat an emergency; and we have projects this year that are treating emergencies. So they made a conscious decision this year not to retain as much contingency in those two funds for that reason because those resources were needed to

fix two projects. Allen recalled that there had been that conversation at the budget committee. Gross said that was discussed at the budget committee level. McConnell asked if the City Council passed resolution approving that. Allen said he would have to look at the resolution that created that policy and whether to deviate from it would require a separate resolution or not. Gross said it did not; there was a clause in there that said for certain circumstances you can vary from that policy. Gazewood said that overall policy was to set up unappropriated fund balances at certain levels, reserve for future equipment, and provide for contingency levels. If you take what was set up in the policy for the general fund, and it is only carrying about \$73,000 now, the policy actually was several hundred thousand dollars; it's not even close to what that policy is. Allen said that staff told them at both the budget committee and at the Council level, that we were not going to meet the objective of the policy. It wasn't a big discussion item, but it was noted and acknowledged. He doesn't think they got into much discussion. McConnell said when the policy was adopted it was for contingency funds for emergencies; but it was never defined how to tap that fund and how does that contingency get paid back. He said you have to have a process to pay it back. Say you have a 15% reserve and actually have to tap it because of an emergency or projects you have to get done, how do you adequately insure that it gets paid back? In the past years, we used the reserves for balancing and never paid the reserves back. Gross said there is a lot sitting there not being used. The enterprise funds are way too high. We put it down to 5% this year because we had Agate Beach improvements and Lakewood Hills pump station. He asked what more do you call an emergency.

Saelens said that one thing that would help the City Council and the public is an explanation of what is a reserve and what is a contingency because we need to get on the same page. He said he is siding with Gross in that if the contingency fund is there, you don't need to pay that back. But, in his mind, if it's a reserve, that's something else. Gazewood said that the policy only deals with reserves as related to reserves for future purchases. There is no other defining outside of that. What is being referred to is for unappropriated fund balances. Fifteen percent might be fine for the general fund, but not necessarily appropriate for another fund. Gazewood referred to a recent email about the City's S&P rating. He said that bond rating has an awful lot to do with it. The S&P rating basically looks at the health of a City and can they meet their commitments. Allen said the City's S&P rating will be going from A+ to AA-. The highest is AAA. We are moving forward in a positive direction, but there is still room to go. Allen noted that as we get toward the end of this process, perhaps the members should all have a copy of the policy to look at. The Task Force also may recommend to the Council that this reserve policy needs to be looked at. That may be a good discussion item at some point. McConnell said the policy was put in place but there was never any direction about how to change it and how to utilize it when you have to. Gazewood said this whole issue came to his attention following a department head meeting a couple of days ago. Based on things said, he asked questions and got a copy of the reserve policy. He also found out that it requires a monthly update to the Council from the finance director. Gross said that by putting just 5% in contingency, we actually had capital to do something with this year. The policy is not functioning as written. McConnell said the Council can still spend reserves. Gazewood said if they go through a supplemental budget. Allen added that it's for big emergencies like natural disaster events and things like that.

Gross said that within the water enterprise fund for example, you have pots of money for unappropriated and contingencies and the treatment plan also has a line item for repair of infrastructure. If you add them up, you have a healthy contingency. He said a good exercise might be to go through the various cost centers to determine what is unappropriated in the end. Saelens noted that when he came to the County, there was a 40% reduction in user fees. There was no process in place to determine what kind of unappropriated funds he had. He was three years in the job when he got the news that he had \$105,000 unappropriated that no one mentioned from year to year. He said it is a healthy part of the overall financial situation that is not necessarily looked at that often. Busby wondered if we should roll the contingencies and the reserves into separate accounts. Gazewood said that every fund has to have its own contingency fund. Allen said not just unappropriated; each fund would have its own contingency for big ticket items that you may consider tapping into. You could have a separate reserve level. You may have categories; looking at a way not to touch it this year, or perhaps it could be touched if a good project came along. Gazewood said that contingencies are a good use of that. McConnell said if we can lock those down, it allows more of a process. Gazewood said that the reason contingencies were put into that policy was to address an issue like the general fund being something less than \$100,000. This requires that to be a higher level because if unforeseen things happen, you would have money appropriated for that and not have to dig into the emergency fund balance. McConnell said the City was at a point where we couldn't borrow money. We had no way to carry more debt. When the policy was written, there was no proactive work being done looking at things before emergencies occurred. Everything was putting out fires, and there wasn't enough money even to do that. The policy said to Public Works, you have to set money aside. You know things are going to happen so you need to have that money there. Gross said that the capital projects haven't required to have contingencies and unappropriated. It is simply a transfer fund; transferred from room tax, and there is a grant.

Gross noted that as Gazewood is going through the budget, errors have come out. There is \$170,000 from the budget not transferred appropriately. Water and wastewater may have contingencies, but he has no money to make payroll. Allen said the policy is a good starting point to address that issue. It is a good exercise from which may come part of our recommendation. Gross said maybe we should have an emergency contingency fund that could be pulled back and forth across the enterprise funds for project-related contingencies instead of in every fund. This discussion can expand as we get closer to a recommendation.

Moving on to Schedule C. SDC funds, Gazewood noted that there is not much activity going on. Tokos said that he had presented an extensive presentation on SDCs to the Council in the past. Gross said that he has to be very careful budgeting based on SDCs.

Tokos noted that sometimes the Council makes adjustments to the methodology, but the Council doesn't have a whole bunch of discretion in the budget figures that end up being appropriated. *(At 4:00 p.m., Smith left to attend another meeting.)* Tokos noted that water and wastewater have been drawn down for capital projects like the Big Creek lift station and the tank is another. They are exhausted, and it will take some time to recover. At the request of Jebousek, Tokos gave a brief explanation of what SDCs are all about.

Looking at Schedule D, Gazewood explained that there are a lot of funding sources and an estimated beginning balance of \$1.6 million. Sources include the State gas tax, Newport gas tax, federal and state grants, capital improvement surcharge, OMSI flow-through revenue, and bond forfeit money. Gross said there are a number of those missing; it lacks a lot of money. Gazewood told Gross to bring those up to his office. Gross said for example, line 11 (interest on investments) is "0", and you would expect that a \$1.6 million balance would have interest earnings. Allen said that perhaps they could revise Schedule D and send it to the members by email and post it on the web page. Patrick-Joling asked Gazewood if he got these from the budget. Gazewood said they are a compilation of the budget and the appropriation resolution. The numbers that Gross have were in the budget. Gross said that the transfer from other funds is accurate; but there are a bunch of things within the CIP fund that are state and federal grants that are missing. He noted that we have a \$1.1 million FEMA grant, and this shows \$457 thousand under federal grants. Gazewood and Gross haven't had a chance to sort numbers. Saelens said that there was a \$10,000 error on SDCs. On Schedule C, line 10 under the wastewater SDC shows \$72,324, and it's reflected on this page (Schedule D) as \$62,325. It was noted that \$10,000 of the wastewater SDC goes to the general fund.

Gazewood handed out a page from the budget document. He noted that he couldn't take this Schedule D verbatim off the budget because if you look at the total resources in the budget (about mid-page) it says \$4,958,821. That is the amount that is appropriated for capital projects fund in the adopting resolution. But the transfers coming into this fund, if you look above where he placed a checkmark, that figure totals \$521,467; and \$426,301 transferred in from SDC funds. Those were overstated by almost \$100,000. In addition on Schedule D line 16, the transfer from South Beach Urban Renewal is \$421,394. That is appropriated to go to capital projects for urban renewal. But on this budget page, those transfers show \$520,000; almost another \$100,000 off. He said appropriations have been based on erroneous figures. Gross said that his papers show \$380,000 transferred from SDCs. Allen asked if when we start comparing the resolution with the appropriation categories and looking at the underlying budget, will we have to make some changes with amending resolutions; and Gazewood confirmed that. Gazewood explained that, based upon the actual figures we show being appropriated and transfers to the capital projects fund that would adjust the appropriation to \$4,765,049 as reflected on Schedule D. Gazewood said that Gross is about \$193,700 over-appropriated as it exists right now, and he doesn't know how that affects funding of Gross' projects. Gross said that he isn't particularly concerned because he has almost \$5.2 million in loans and grants. He thinks when he and Gazewood sit down, they will sort it out. He has \$1.1 million in federal grants alone, and only about \$400 thousand is reflected in the budget. Allen asked if between now and October 10th, if Gross and Gazewood could sit down and sort it out. McConnell thought that was more of an issue for Council. He said maybe Gazewood could prepare a revision of Schedule D; maybe list actual projects. Allen asked if they would try to match Gazewood's and Gross' documents together as much as they can into a document for the Task Force to look at. He thought that perhaps that would give them enough time to come up with something that might be more informative. McConnell added to also give a picture of where revenue is coming from.

Tokos handed out a list of grants secured over the years to help give an idea of what those different funding sources are. To make it more accurate, this has been revised by Tokos. He added a number of additional grants. The list is more current. It is kind of spotty in the 80s, but from 09 forward, it is close to what all we have pulled in. For a lot of our different programs, streets for example, Parks and Rec, Airport is another, we don't have dedicated funding sources for capital improvements. There are limited resources from the general fund to put together a match. He said that we have secured grant funds from agencies where the city's and the agency's interests align. He said they have been fairly good at that. A large chunk of our capital budget is grant funding. This list shows pretty substantial amounts to fund the senior center, Coast Park, the airport, FEMA for Big Creek slide repair and Safe Haven Hill, and the Agate Beach wayside. With each of these, you will see small dollar planning funds. Those are grants too. In many cases, we wouldn't have gotten big dollars without spending small dollars. The Agate Beach wayside hasn't been built yet, but it is funded. It is to enhance the wayside up by Roby's with restrooms, trails, access, drainage improvements, and improve circulation in that neighborhood. McConnell asked if Tokos was saying we have always been able to find matching funds in the budget, or is a reserve or contingency for that something that should be considered in the future. Tokos said an example is the 101 pedestrian project where costs are quickly going up. The budget match came out of the gas tax and SDCs. We don't have monies to match that grant at this point. It is in the hands of ODOT whether we have to cancel another project to meet that. Gross said that he updates his CIP all the time. He shifts money from one eligible project to another. 71st came in under budget, so they allocated money elsewhere. Part of money set aside for Big Creek went to Moore Drive. The cost at budget level never changes; it just moves from project to project. His list has to be flexible; things are always changing. Tokos said that we do want to build up what limited resources we have to apply to grant matches. He said it will become more and more competitive to win grants. He noted that for the SE 35th and 101 improvements, we were just able to get a state transportation grant of \$2 million to match up with \$1.5 million of urban renewal funds. The minimum match for that grant was just over 10%; the average that was brought to the table was 35%. If we want to be competitive for grants, the level of competitiveness is forcing us to plan to have more than the minimum matches. In-kind matches are still looked favorably upon,

but not as much as cash. Allen noted that we used to use in-kind quite a bit in the past. McConnell gave kudos to Tokos and Gross for getting as many grants as we can. He noted that there was a long time the City didn't do any grants.

The last two sheets that Gross handed out were about Chase Park grants and the strategic funding plan. Gross meets with Chase Park every other week by a phone call to find out what is out there and what we are eligible for. The most favorable project at this time is our dam work. There is lots of money out there for that, and we are looking into that. You have to have money up front. It takes a long time to get grants. Agate Beach is eligible for a state low-interest loan. There is some stuff on the table right now. There is a list about twenty pages long. The last sheet is the monthly progress report. Gross noted that at the very bottom of his CIP spread sheet, it gives a breakdown of how much of the funding comes from LID and grant funding. He explained that LIDs are formed when a developer needs improvements on a regional level. They put together an LID. The City may do the work, but they are assessed for that. He said there are a number of grants. The STEA fund exchange comes from the state each year. The state allocates to local agencies for road improvements. The CWSRF load (clean water) is for Agate Beach improvements, and will be used for John Moore and Bay Blvd. We have a FEMA grant for Safe Haven Hill where work is in progress. We received two FEMA awards; one for Big Creek, and one for the 7th and Iler sink hole. The Oregon flexible funds grant is for Highway 101 pedestrian crossings. The Oregon scenic byways grant is for Agate Beach. At Jebousek's request, Gross explained the Highway 101 pedestrian improvements. There will be seven or eight locations to improve visibility and make safer crossings. We don't have enough funding for everyone, so over a course of time, we will put in a number of pedestrian-activated crossings.

Allen asked if pdfs of the handouts could be put on the web page.

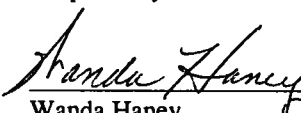
IV. Opportunity to request follow-up information or particular items for review at the next meeting (RE: new funding sources). Allen wondered how the Task Force wanted to approach that. Gross said that his grant consultant will be coming here this fall. She could talk about different funding sources. He said that he will see if he can get her here for the next meeting. Allen noted that at the original meeting, some of the options listed were north side urban renewal, asset management, budget concepts that might provide alternative options. He thought maybe just having a roundtable discussion might be the way to conduct the next meeting. Saelens' thought was that it is such a big list, he wondered if there was any way to whittle it down to the most interesting ones. Busby thought that the first step is to go through and hit on all of them. Allen said that when we put the agenda together, we can list all the options. That way we can consider each one and check it off. Then have a roundtable discussion. McConnell thought that on the north side urban renewal it would be good to take five minutes to explain what it takes to create a new urban renewal district. Explain what a GO bond means and what you have to have to get a GO bond. He said that is the kind of information you need first. Tokos and Gross will put together a narrative for each of those. Gross said that he imagines Gazewood as well because he can give the pluses and the minuses and options. Patrick-Joling said she wants to look at only realistic options. She doesn't want to discuss things that are not in the realm. Allen said that he will work with staff to put together an agenda that makes sense. Patrick-Joling said to include refinancing existing debt on the list of options. McConnell said to include a timeframe too. Gross said another thing to consider is the commitment of staff to implement. There have not been too many LIDS because they are so labor intensive, and his department doesn't have time to do it.

V. Public Comment. Jebousek complimented staff. She said what McConnell had noted about not going after grants was her experience too. She said the City didn't go after grants and that kind of funding prior. She remembers asking if there weren't funding sources, and the response would be that there is no money for that. She told Tokos and Gross that they have brought their skills to go after that kind of money that the City didn't have before. She thanked them for their knowledge and experience to do that.

VI. Other Comments. Gross said to also put corporate sponsorship on the list of options. He noted that Parks and Rec. does it all the time. Tokos said to put parking meters down too; for the Bay Front and Nye Beach particularly.

VIII. Adjournment. Having no further business to discuss, the meeting adjourned at 4:40 p.m.

Respectfully submitted,



Wanda Haney
Executive Assistant