

A work session of the Astoria Common Council was held at the above place at the hour of 1:00 pm.

Councilors Present: Brownson (via telephone), Herman, Rocka, West, and Mayor Jones.

Councilors Excused: None

Staff Present: City Manager Estes, City Planner Fryer and City Attorney Henningsgaard. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

REGULAR AGENDA ITEMS

Item 3(a): Discussion on Prohibition of Formulaic Dining and Lodging Businesses

Mayor Jones briefly explained how this discussion related to the City's vision for the future of Astoria, the importance of a thriving local economy and the city's unique historic character.

City Manager Estes described Staff's work done to date to research laws, regulations, and ordinances in other municipalities that prohibit or limit formulaic businesses. By the end of this discussion, Staff wanted direction from the Council about whether to proceed with developing an ordinance.

Planner Fryer gave a PowerPoint presentation on formulaic businesses and the various ways these businesses are regulated in other jurisdictions. The presentation included an explanation of how formulaic businesses are defined, a detailed comparison of regulations among various cities, and Staff's recommended definition and restrictions.

Following the presentation, the Council and Staff discussed with the following key comments:

- A potential unintended consequence could be prohibiting local business owners from opening multiple locations. Staff had concerns about trying to restrict based on local ownership and they discussed with Commissioners which business would most likely be impacted, specifically referencing Pig and Pancake, Mo's, and McMenamins.
- Staff reminded Councilors of the existing zoning ordinances that already limited formulaic businesses somewhat.
- Councilors shared their reasons for wanting to prohibit and restrict formulaic dining, to support local business owners, protect local business owners from large franchises, support the local economy, and maintain Astoria's character.
- The Council and Staff discussed two recent franchise hotel projects and shared ideas for limiting or prohibiting them in the future, which included encouraging redevelopment in existing buildings and only allowing locally owned hotels. Staff recommended the Council consider how they wanted to define local and how they wanted to deal with local hotels that are sold to non-local entities.
 - They briefly discussed recent endeavors to restrict certain hotel development through the land use process.
 - Councilor Brownson recommended leaving the door open for someone from out of town to do something beneficial for the community when no one local is willing, possibly by allowing out of towners to open businesses as long as they were not chains.
- McMenamins has 62 locations in redeveloped historic buildings. Each building is different. However, they could easily be considered formulaic based on the generally accepted definitions. Staff provided guidance on how to define formulaic businesses so that McMenamins would be allowed.
 - Councilor Herman expressed concerns about allowing businesses as big as McMenamins because businesses with a lot of locations can easily squeeze out a smaller local businesses.
- Restrictions in other jurisdictions are based on a set of characteristics and the number of locations. However, after opening a location in Astoria, a business could continue to open locations elsewhere and exceed Astoria's limit. Additionally, a franchise could purchase a locally owned business. Development Code amendments and an annual licensing process could ensure compliance with the City's restrictions.

- The Councilors discussed how to define formulaic businesses and what characteristics should be avoided in Astoria. Staff recommended Code language for defining a franchise that included a list characteristics and a limit on a specific number of existing locations. Currently, 50 locations is the highest number being enforced and Cannon Beach does not allow any additional locations. To provide Councilors with some context, Staff listed franchises that had about 50 locations. Councilors were divided; some wanted the restriction to be no additional locations while other wanted to allow up to 50 locations.

Mayor Jones called for public comments.

Sarah Lu Heath, Executive Director, Astoria Downtown Historic District Association, said it would be a great asset for Astoria to have the only U.S. location of a foreign franchise. Additionally, she believed that defining a franchise based on criteria and the number of existing locations needed more consideration. Some hotel and restaurant groups have multiple locations that are all unique because they are in the business of opening hotels and restaurants.

The Councilors discussed and responded to Ms. Lu Heath's comments with input from Staff and continued their overall discussion as follows:

- Mayor Jones wanted the limit based on U.S. locations, not global locations. Allowing local businesses to flourish is a side benefit when they do not have to compete with national chains.
- Councilor West noted that a franchise could start with their first location in Astoria, just like the company that recently purchased the Commodore Hotel. She did not want to deter outside businesses but also wanted to keep businesses small and unique.
 - Other Commissioners expressed concern about corporate entities buying local businesses. Staff advised that economics and ownership could not be used in land use decisions and noted that the Holiday Inn is locally owned.
- In the Urban Core, hotels are only allowed over the water in existing buildings. This could be beneficial if done throughout the rest of the community, but it is not wise to craft code language with one specific company in mind.
- Staff asked for direction on how to define formulaic businesses based on the number of existing locations and listed which franchises would likely be allowed if locations were limited to 10. Mayor Jones suggested the limit be 25 locations in US because the intent was to avoid the very well-known national corporate restaurants. All other Commissioners agreed.
- The City already has design Codes that restrict standardized architecture. However, that had no impact on the Fairfield Inn. Staff asked the Council for direction on what characteristics should be used to define formulaic businesses. The Council and Staff discussed franchise and chain businesses with unique locations, like the Astoria Co-op Grocery, City Lumber, and Landry's. Staff advised that the Council could create two sets of criteria, one for franchises with unique businesses and another for franchises with standardized businesses.
 - The final consensus among the Council was to define formulaic businesses as any business with 12 or more U.S. locations and two or more of Staff's recommended characteristics, or any business with 75 or more U.S. locations. Staff recommended allowing existing businesses to be grandfathered.

Mayor Jones called for a recess at 2:33 pm. The work session reconvened at 2:37 pm

Councilor Herman shared comments made during the recess by Ms. Heath, who had since left the meeting. Ms. Heath had said she did not want the City to limit the location of retail establishments. However, retail businesses are not being considered at this time.

Planner Fryer confirmed that the general consensus from the Council was to restrict formula restaurants, hotels, motels, and bed and breakfasts, and not retail stores, banks, real estate offices, spas, hair and nail salons. She also confirmed that the Council wanted to define formula businesses as any business with 12 or more U.S. locations and two or more of Staff's recommended characteristics, or any business with 75 or more U.S. locations. Councilors briefly discussed franchise bed and breakfasts and expressed concern about hotels getting crafty in the way they brand. Councilor Herman asked that more research be done on what businesses would be excluded by limiting locations to 75 in the U.S. She recommended the number of locations be limited to 50.

Planner Fryer led the following discussion to get direction on specific restrictions for formula businesses. Key comments were as follows:

- Restrictions on formula drive-throughs in other jurisdictions were reviewed and discussed. Currently, Astoria restricts them in certain zones. The trend now is for locally owned fast food restaurants to move into existing drive-throughs that are vacated by the national chains. Staff advised the Council to consider their use of the formula and the definition of drive-through, which is different from a restaurant that has a pick up window. The final consensus was to cap the number of drive-throughs allowed to the number of currently existing drive-throughs.
- All Councilors agreed that formula fast food restaurants should be prohibited outright throughout the City.
- Staff asked if the Council wanted to prohibit formula lodgings or regulate them differently. Mayor Jones suggested the City identify specific buildings that need to be saved and allow hotels in those buildings only. They briefly discussed the Red Building, Cannery Pier Hotel, and offering exceptions for historic buildings. Staff was directed to work on code language that reflected the Councilors intentions. Additionally, the consensus among the Council was to prohibit any new lodging that met their definition of a formula business.

Staff asked if Council wanted more discussion before Council's direction was presented to the Planning Commission. Mayor Jones instructed Staff to send a draft of their recommendations to Council first, and then Councilors would decide if they wanted another work session.

Councilor Rocka expressed that the definition of formula business would still allow too much standardized architecture. Those businesses would still be subject to design standards. However, the definition could be changed to include business with 12 or more locations with standardized architecture and at least one other criteria. Staff was concerned about how that would be applied and how standardized would be defined. Ultimately, Councilor Rocka agreed to leave the definition as is. Councilor Brownson suggested prohibiting standardized architecture through design standards.

Miscellaneous Non-Agenda Discussion

Mayor Jones wanted the Council and Staff to discuss what the City could do when learning of privately owned properties that could be used for housing. Councilor Rocka had recently been contacted by property owner interested in working with the City to develop housing on her 1.3 acre parcel. The City has no budget or expertise that would all it to purchase property and build housing. However, other communities have leveraged land to get housing built. Maybe the City could help facilitate a sale of privately owned property to a housing developer.

Staff provided a thorough update on the City's ongoing efforts to address affordable housing. The Planning Commission is working on Code amendments for warming centers, accessory dwelling units (ADU), and to help implement the county-wide housing study. Staff is also working out how to deal with dormitory style housing because owners of vacant properties have expressed interest. Topics not considered because they are controversial include a reduction of lot sizes, increased height allowances, reduced setbacks, and more lot coverage. Staff is using the Department of Geology and Mineral Industries (DOGAMI) landslide map to develop a new landslide development ordinance, which is required by the Department of Land Conservation and Development (DLCDD). Also, the City is discussing partnerships with Clatsop County Housing Authority because they own low income housing.

Infill housing is controversial in Astoria and will present challenges. The State requires infill for cities with populations over 10,000 and Astoria will exceed that soon, so the groundwork should be laid now. Staff explained that before moving forward on compliance with the States infill requirements, they would need to discuss the topic with City Council at a work session.

Councilor Herman asked for update on the Merwyn. Staff said contractors were working on the building and the owners were looking for additional funding to improve and expand the scope of the project.

Councilor West recommended that Astoria explore system development charges (SDC) and construction excise taxes (CET). Staff explained the differences between SDCs and CETs. SDCs will be discussed at work session in March.

The next work session was scheduled for January 21, 2020 at 2:00 pm for department updates.

ADJOURNMENT

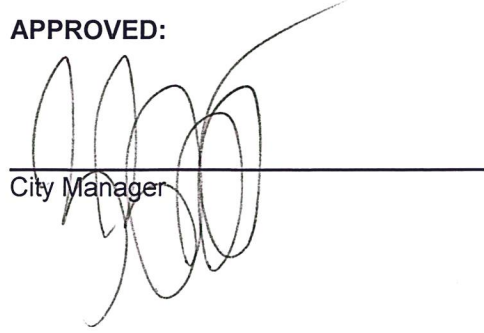
There being no further business, the meeting was adjourned at 3:41 pm.

ATTEST:



Finance Director

APPROVED:



City Manager