

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

Councilors Present: Brownson, Herman, Rocka, Hilton, and Mayor Jones.

Councilors Excused: None

Staff Present: City Manager Estes, Parks and Recreation Director Dart-McLean, Human Resources Manager Houston, Finance Director Brooks. The meeting is recorded and will be transcribed by ABC Transcription Services, LLC.

## REGULAR AGENDA ITEMS

### **Item 3(a): Continuation of Discussion to Address Lil Sprouts Childcare Program Needs and Potential Opportunities to Serve Additional Families**

City Manager Estes provided an overview of the August work session discussion on childcare program needs and options for reducing the City's subsidization of the program. Staff had recommended that the City look for public private partnerships to expand Lil Sprouts and reduce the City's expenditures.

Director Dart-McLean gave a PowerPoint presentation on options for sustaining the City's childcare program and investigating whether a public private partnership would be an appropriate solution. His presentation included an overview of childcare program costs, staffing challenges, pandemic impacts, and Staff's recommendation to pursue a public private partnership to for the Aquatic Center. Director Dart-McLean also addressed questions raised at the August work session regarding parent participation, prioritizing low- and moderate-income families, and the County's childcare advisory group. Assistant County Manager Monica Steele provided information about the work that the County's childcare advisory group had been doing to help resolve childcare issues in the County. Human Resources Manager Houston provided details about staffing challenges in the daycare industry and City Manager Estes explained why grant funding for childcare services was not sustainable.

After the presentation, Councilors and Staff discussed the City's childcare program and Staff's proposal, making the following key comments:

- This partnership would be similar to the public/private partnership the City was pursuing to redevelop Heritage Square with workforce housing. Staff would gather information from interested parties, determine financial logistics, and identify gaps and opportunities to provide stability. The Council would need to identify targets for low- and moderate-income families, age groups, and any other targets the Council wanted to prioritize. The County's advisory group could help disseminate the information Staff needed to determine whether such a partnership would be feasible.
- The Council would need to decide what, if any, subsidy would be appropriate. Staff explained how the Parks Department was funded and reminded that during the pandemic, the department did not receive any user fee revenues but the Council had prioritized childcare and open space management. Then recently, the Aquatic Center was also prioritized.
  - A public private partnership would allow Staff to focus more on programs and maintenance. However, it was important for Councilors to realize that budget development for the next fiscal year would begin soon. If the Council directed Staff to move forward, Staff would prioritize their efforts so that the City could make changes that coincided with the end of this fiscal year to prevent a lapse in resources.
- The Northwest Childcare Resource and Referral Agency was tracking the numbers of childcare providers before and after the pandemic. Staff believed the number of providers had reduced between 15 and 20 percent.
- The County's efforts already included collaboration with the school district, hospital, community college, and large employers.
- Childcare costs more as services are scaled up. This is primarily because the required adult-to-child ratios are small. More Staff is needed for more children, which then also requires more space.

- Business Oregon had helped a few communities subsidize childcare resources, but the City's involvement in childcare was unique. Typically, public entities help struggling private providers. But in this case, since the City provides labor and funding, the situation is different. The City could partner with a non-profit and be a conduit for vouchers, but those are tied to COVID response and relief funds. The City could also provide space for a childcare facility at a low cost to the provider.

Mayor Jones called for public comments.

David Reid, Chamber of Commerce, said services belong in the free market. However, the free market is currently broken and childcare providers have been unable to keep up for several years. The City's involvement is essential. He recommended the City implement a sunset date or other easy way out to avoid creating competition with the free market. This would allow the City to get out of the childcare business if and when it becomes appropriate to do so. Currently, there are four constraints on childcare, space, staffing, payroll and cashflow. A facility requires a certain number of square feet per child, playground access, areas of refuge, storage, and other spaces. There are prescribed staff to child ratios and larger facilities need more administrative staff. Minimum wages, benefits, and leave are prescribed and those minimums depend on whether the entity is public or private. There are also limitations on volunteers. Expenses are immediate and overhead is fixed. However, the payments lag, particularly subsidized payments. Additionally, subsidized payments can be denied after care has been provided. If the City can help with any of those four constraints, a partnership would be more attractive to a provider. The City has the ability to help with space. Infant care is the most difficult to make a profit on, so he recommended that infant care be required of a provider because the free market cannot meet that demand. The State offers vouchers and subsidies. So, he recommended the State's program be used rather than the City creating its own. He believed it would be easier for the City to attract a new provider or a provider that is returning to the business rather than an existing provider because finding space for a child care facility is very difficult. The Small Business Development Center (SBDC) and Clatsop Economic Development Resources (CEDR) might be able to assist the City with talking to providers and helping to build business plans that could work. He also offered to assist.

Lisa Morley agreed the City should have a sunset date and get out of the childcare business. No other city offers childcare services and the longer Astoria stays in the business, the more the City is restricting the free market from stepping in. The City's childcare costs are substantial and the Aquatic Center costs the City \$904 a day. She questioned how the Parks Director had been tasked as the expert responsible for getting the City out of the childcare business and what qualifications the Parks Director has for managing the City's daycare. The Parks Department already had many struggles. She was chided by the Council because the Parks Director had to spend time responding to her emails about Birch Park. That pales in comparison to the amount of time the Parks Director spends on daycare. She asked why a subcommittee was not working on the childcare issues.

Mayor Jones responded that no subcommittee had been developed because this issue was just now being brought to the Council for the first time. When the Council directs Staff to pursue a solution, the appropriate individuals would be brought in to assist. The City got into the childcare business because the private sector could not perform. If at any time the private sector could meet the needs, the City would step down. He believed a blended system was a first step. He also explained that all public aquatic centers lose money, but cities provide aquatic center services because the community needs them. People of all ages use aquatic centers and the expenses are offset by user fees and tax revenues.

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City Manager Estes added that the Parks Master Plan determined that Astoria's subsidy of the Aquatic Center was lower than the national average.

Mayor Jones confirmed there was concurrence among the Council that Staff should proceed with pursuing a public private partnership for childcare services.

Councilor Brownson recommended that Staff ask potential partners to maintain the City's current childcare program parameters and add equal access.

City Manager Estes asked Councilors to decide if the City should continue to provide infant care and whether the City should use the State's voucher program.

Director Dart-McLean displayed a slide from his presentation on the screen and provided details of Staff's next steps. The Council would be provided with a survey that lists the types of childcare that could be attainable. Staff would also gauge the community's childcare priorities and ways that subsidies could be achieved.

Assistant County Manager Steele noted that the County was collecting information about providers' biggest challenges. She recommended the City do the same.

Mayor Jones suggested a cooperative model where for example several childcare providers share the same bookkeeper and the City contributes to paying the bookkeeper.

Staff confirmed they had the direction they needed to get started and reminded that they would need more specific direction in the future.

Councilor Rocka believed several providers would be interested in a partnership with the City.

Assistant County Manager Steele recommended the City work with the County to provide resources and gather information collaboratively.

Mr. Reid said he believed a sunset was important because the free market would not provide services that governments already offered. He also believed that providing a facility at a low cost or providing administrative services could solve a big problem for a childcare provider. The partnership would not need to be elaborate. The City just needed to take some of the risk and cost out of a private providers' business model. He offered to serve on a taskforce.

Mr. Gaffney said he had been working in the childcare arena for at least the last eight years. The City's efforts would go hand in hand with the County's taskforce. He offered to be a resource to the City.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 2:35 pm.

**ATTEST:**



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Finance Director

**APPROVED:**



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City Manager