

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
DECEMBER 04, 2008

MEMBERS PRESENT:

Brad Boyd Mayor
Bill Merrill Councilor President
Lon Kellstrom Councilor
Shawna Bell Councilor

ABSENT:

Sharlene Weed Councilor

STAFF PRESENT:

Eileen Stein City Manager
Eric Porter Comm. Dev. Director
Brad Grimm Public Works Director
Lisa Young Finance Director
Kathy Nelson City Recorder

GUESTS:

Rob Tremper Dickey and Tremper

The meeting was called to order by Mayor Boyd at 8:03 a.m.

1. Presentation of FY 07-08 Audit

Rob Tremper of Dickey and Tremper LLP began his overview of the FY 07-08 audit by discussing the first of two letters that accompanied the annual financial report. He explained that the letter was a new practice for his firm in order to conform to new standards imposed to meet U.S. generally accepted accounting principles. He stated this practice provides an enhancement to open up communication between the auditor and governing body and assists with bringing closure to the audit process. He stated the letter describes the responsibilities of Dickey and Tremper to make certain that auditing standards and expression of opinions are fairly presented. He stated the letter also provides details regarding significant audit findings such as any difficulties encountered in performing the audit, corrected and uncorrected misstatements and any other issues that came to light during the audit process. He discussed the journal entry adjustments that were necessary for the fiscal year to bring the City into compliance with accepted accounting principles.

Mr. Tremper provided a summary of the annual financial report with highlights from the *Introductory Section*, the *Financial Section* which is the main body of the report and *Reports of Independent Certified Public Accountants*. He noted that Sisters is growing very rapidly and therefore the Finance Department must also. He stated that the General Fund is the most important fund for the City to monitor and it is currently very healthy which he explained is a necessity for the growth the City is experiencing. He provided a brief overview of the changes to the various major funds and discussed the narrative details provided in the *Summary of Significant Accounting Policies*. He stated that most of the adjustments were such that they did not affect what the Council sees on its budgetary statements.

Mr. Tremper stated that with the limited number of City personnel it is not always possible to separate duties as much as would be desired which is a common situation inherent to smaller cities. **Councilor Kellstrom** asked if Mr. Tremper had specific recommendations regarding the issue of separation of duties keeping in mind the reality of the cost involved. **Mr. Tremper** stated

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that the City is moving forward with addressing this matter and has made some significant changes in how utility billing is handled and has included additional review of the process. He stated the issue of separation of duties is also discussed in the management letter. He stated he is aware that additional policies and procedures for employees are being prepared.

Mr. Tremper discussed the management letter which gave recommendations to the City for implementing additional policies and procedures, more separation of duties with regard to payroll, strengthening procedures for expenditures and account charges, grants and loans and other minor assorted changes to improve the City fiscal and internal systems.

Councilor Kellstrom asked who performs the City's bank reconciliation. **Finance Director Young** stated that once she completes the reconciliation Manager Stein reviews it.

Mr. Tremper stated the State of Oregon changed its requirements and method of monitoring Federal Deposit Insurance Corporation (FDIC) funds in July. He stated that now funds from agencies are pooled for collateralization. **Councilor Kellstrom** asked if the City has its financial resources spread to a variety of financial institutions. **Manager Stein** stated that a majority of the City's funds are held in Bank of the Cascades (BOTC) and that there are also funds in the Local Government Investment Pool (LGIP). **Councilor Kellstrom** asked if Mr. Tremper recommends moving the funds to additional financial institutions to better protect the City's resources. **Mr. Tremper** stated that he felt it would require too many different accounts and the cost to administer them would outweigh the benefits. **Manager Stein** stated that previously a majority of the City's funds were held in LGIP and a previous Council chose to move the funds to BOTC as a show of support for a local business. She stated the Council may set whatever policy they think is best with regard to where City funds are deposited. **Director Young** noted that BOTC also offers a higher rate of return than LGIP.

Mr. Tremper stated that the annual financial report for the Urban Renewal Agency was also completed and there was nothing of significance to discuss.

Mr. Tremper stated his company is looking forward to its continuing relationship with the City for future audits. **Manager Stein** thanked Mr. Tremper stating she was pleased with the recommendations made by his firm and that from a staff perspective the City appreciates the recommended changes.

Mayor Boyd thanked Mr. Tremper for the thorough audit.

2. Sisters Community Garden Agreement

Manager Stein directed the Council to the draft agreement between the City and the Community Garden for the Community Garden to relocate onto property located at Sisters Overnight Park. She stated that although the Community Garden has requested perpetual use of the property the

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City Attorney has advised the City that would constitute a sale of the land and therefore is not an option. She stated the City Attorney is recommending a limited duration agreement of two years with the ability to extend the agreement to a third year. She stated that in speaking with Larry Nelson, Co-Chairman of the Community Garden, he voiced concern with not having the property in perpetuity but understood the reason and recognized the generosity of the two year agreement offer. She stated she had researched how Hollingshead's Community Garden in Bend is structured and found that it is structured with a three year agreement with the Bend Parks and Recreation District.

Manager Stein pointed out the various requests from the Community Garden with regard to the use of the premises. She also asked for the Council's input as to whether Sisters residents should receive priority in obtaining a plot. **Councilor Merrill** asked if it is proper to use City funds to maintain the park and then allow non-City residents to have a plot. He stated he is also concerned that the Community Garden will not be charged for its use of the park. He asked what fees Hollingshead's Community Garden pays to the Bend Park and Recreation District. Manager Stein stated that the Bend City Parks and Recreation District provides water, refuse service and mulch if it is available. She stated that in return the Community Garden pays three dollars per plot to the district and allows use of the garden for an event one evening each year. **Councilor Merrill** pointed out that there is a difference between Hollingshead Park's situation and the Community Garden as the Bend Park and Recreation District is a separate taxing district.

Mayor Boyd stated he felt the Community Garden should have a minimum of 50 percent of city residents, with refuse service provided free of charge by the City. He stated the Community Garden's water use should be metered and the garden should be responsible for the usage. He stated he feels the City should provide additional conditions such as approval of the Community Garden's use rules and a requirement for clean-up of the garden at the end of the growing season. He stated he was not that concerned that the garden will not be charged to use the property as all of the City's parks are open to anyone not just city residents.

Councilor Bell asked what type of fencing will surround the garden. **Mayor Boyd** stated he feels the City should require a lower double fence versus one tall eight foot fence and suggested that requirement also be included in a side agreement along with any other conditions the City will require. **Councilor Bell** agreed the City should set some standards with regard to visibility to the highway as the garden will be at the entrance to the City.

Councilor Merrill asked if the Community Garden has any standing as an organization. **Mayor Boyd** stated the Community Garden is a non-profit operating under the umbrella of Sisters Organization of Activities and Recreation (SOAR). **Councilor Merrill** stated he feels the City needs to make certain the agreement is with the correct entity and perhaps the agreement should be with SOAR. He stated he feels the percentage of city residents should be 60 percent with 40 percent non-residents as it is City residents that are paying for the park. He stated he wants to have everything sorted out and know who is paying for what before signing any agreement. He

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stated he wants to make certain that High Country Disposal (HCD) will provide free garbage pickup to the garden.

Councilor Kellstrom stated that he agrees the Community Garden should pay its own water bill but sees stipulating the percentage of city residents versus non-city residents as a potential problem. He stated that he feels the side agreement for the percentage of residents versus non-residents should be flexible. **Councilor Merrill** stated he agreed as long as City residents had priority over non-city residents for obtaining a plot. **Councilor Kellstrom** and **Mayor Boyd** agreed.

Councilor Bell stated she feels the garden should have yard debris carts for bi-monthly pick-up like residents have and allow them to participate in the bulky debris pick-up in spring and fall. **Mayor Boyd** suggested letting staff work out the finer details to make certain the site looks pleasing at all times. **Manager Stein** asked if the Council wanted to have the ability to provide approval to the Community Garden's usage rules and the **Council** stated they would.

Councilor Merrill asked if any trees will be removed, in particular a large Ponderosa Pine in the middle of the area designated for the Community Garden. **Mayor Boyd** stated he did not mind if Juniper trees are cut down but does not want to see any Ponderosa Pines removed and the other **Councilors** agreed.

Council Merrill questioned if the plan for the garden should go before the Planning Commission. **Mayor Boyd** stated that since a fence can be constructed without a permit he sees no reason why the plan will need to go before the Planning Commission. **Community Development Director Porter** stated that since the garden will be located on City property it is a policy decision for the Council to make as to whether the plan needs to go to the Planning Commission or if Planning Department staff could handle the project in-house. He stated that screening of trash enclosure will be required. The **Council** decided handling the project in-house will suffice.

3. Preview 12/11/08 Meeting Agenda

Manager Stein stated the Housing Plan update by Contract Planner Julber may or may not take place depending on whether the present Council wants to hear the information. She stated the other option is to wait for the new Council to be seated and let them hear the updated information. The **Council** stated the update should wait until the new Council is seated as that Council will be the ones making a decision on the plan.

Manager Stein provided an overview of Council business items. She referred to the resolution declaring a desire to apply for a grant related to a bike/pedestrian trail through Sisters Overnight Park that connects the downtown area with the highway commercial zone where the Five Pines campus is located. **Councilor Merrill** stated that as a matter of policy he would like to suggest that staff not bring resolutions to the Council prior to background information has been received.

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Manager Stein stated the Council could discuss the grant at the workshop prior to the regular meeting if they desired. **Councilor Merrill** asked if the grant will pay for the entire proposed project. **Manager Stein** stated there is a \$7,000 match from the City that is a requirement for this grant. **Mayor Boyd** stated that the background information will be included with the agenda packet and should answer any questions. He stated that the Council also always has the prerogative to not approve the request or to table the matter.

Councilor Merrill asked for an explanation of what the Veterans of Foreign Wars (VFW) *Adopt a Flag Program* listed under visitor communication is about. **Manager Stein** stated it is a request from the VFW to formally take over the job from the Chamber of Commerce for placing and removing flags from the street lights on certain holidays. She stated that the information and schedule from the VFW will be included in the agenda packet.

Manager Stein stated that Richard Esterman will also be in attendance to discuss his request to move his art and crafts festival from Creekside Park to Oak Street on a trial basis.

4. City Manager Update

Manager Stein mentioned a letter received from Lorenzo Ghiglieri regarding a horse sculpture he would like to donate to the City. The **Council** discussed the height of the piece, cost of placement, visual clearance and the Planning Commission's approval of the sculpture.

Manager Stein reported that in reviewing information related to the utility rate study it has come to the City's attention that there are some city services accounts that are not being charged for sewer. She stated that stand-by fire lines and property that has been converted from new construction to residential are some examples where this has occurred. She stated that as the discovery of this information is in the preliminary stages she is uncertain how many accounts have been impacted and the dollar amount involved.

Councilor Bell congratulated staff on the partial water rights approved for Well #2.

Director Porter stated that he expects Habitat for Humanity to bring an expansion request to the Council for the Old City Hall that is currently being leased for the Habitat ReStore. He stated the project will need to go before the Planning Commission but since the City is the landlord of the building it requires the City's permission for Habitat to even apply to make any changes to the building. **Manager Stein** asked if the Council would like to discuss the matter at the workshop prior to the regular meeting and the **Council** agreed but stated they did not feel the matter would require an entire hour to discuss. **Manager Stein** stated she would schedule the workshop for 6:30 p.m.

The meeting was adjourned at 10:01 a.m.

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Respectfully submitted,

Kathy Nelson, City Recorder

Brad Boyd, Mayor