

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
FEBRUARY 21, 2008

MEMBERS PRESENT:

Brad Boyd	Mayor
Bill Merrill	Council President
Lon Kellstrom	Councilor
Sharlene Weed	Councilor
Shawna Bell	Councilor

STAFF PRESENT:

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

GUESTS:

Sharlene Weed	Executive Director, Habitat for Humanity
Michele Sims	Habitat for Humanity President
Larry Lennon	Habitat for Humanity Building Chair
Gale Larson	Habitat for Humanity Volunteer
Robin Tawney	Habitat for Humanity Homeowner

The meeting was called to order at 8:02 a.m. by Mayor Boyd.

1. McKenzie Meadow Annexation

City Manager Stein explained that the City has been contemplating the annexation of McKenzie Meadow Village for some time and recently has received the full annexation agreement from the McKenzie Meadow Village developers. She stated it has been reviewed by staff and the City Attorney and it will be forwarded to the McKenzie Meadow Village attorney for review. She stated that there has been some reservation by the Council to move forward at all with the annexation. The Council has asked for discussion and a decision to be reached in order to allow City staff and the developers of McKenzie Meadow Village to know whether the Council intends to move forward or discontinue efforts at this time. She added that if the Council agrees to move forward with the annexation agreement, the City will work to find a way to make the annexation agreement move through for all parties.

Councilor Bell stated she wanted to know if the City needs housing based on the Comprehensive Plan. **Community Development Director Porter** stated there are currently 558 dwelling units in Sisters with an average of 60 additional units built each year. He stated the Comprehensive Plan calls for 1,126 total housing units by the year 2025 and the City is currently on target to reach that number at its current building rate. He stated of the 990 unbuilt potential dwelling units, 564 are single family units and 426 are multi-family units but there is still a shortfall for multi-family units.

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Councilor Weed arrived at 8:06 a.m., sat in the audience and did not participate in the discussion as a councilor due to a conflict of interest with the subject matter.

Councilor Bell stated that even though there appears to be plenty of housing units in the City she is in favor of the proposed child development center and senior housing. She stated that according to the Comprehensive Plan the City can approve a phased annexation and she would propose that be the path the City takes. She stated the first phase of the agreement could include the child development center, senior housing, commercial space and the row houses to provide multi-family dwelling units, with 10% designated as affordable. She stated this approach would provide a compromise for McKenzie Meadow Village and the City as the City does not need the single family housing at this time. She stated when additional single family housing was needed in the City, the developers could petition the City to move forward with that phase.

Councilor Merrill stated it is important to have proper planning to have success. He stated the known known's are that according to the Comprehensive Plan there is no need for additional housing and the known unknown's are why the Council agreed to vote on the annexation in the first place. He stated that the 25 acres were originally brought to a vote of the citizens to satisfy a recognized need for residential housing but there have been some changes since that time. He stated the City has approved the zoning change of 21 acres from light industrial to residential as well as the potential for live/work units in the light industrial park. He stated that what is unknown is what the cost of growth is and distributed an article from February 3, 2008 edition of *The Oregonian* that stated growth isn't paying for itself. He stated that the City knows that its costs have increased for garbage truck tipping fees and gasoline, and needs to consider raising water rates and instituting a tax or fee for road maintenance. He stated it is important to consider if the benefits of a development outweigh the costs. He stated that McKenzie Meadow Village will be an increment to these increased costs and without further study the City doesn't know what those real costs will be. He stated that everyone seems to agree that the City needs the child development center and senior center, but asked if there is somewhere else those facilities can go.

Councilor Merrill stated that according to Measure 9-38, the measure that authorized the annexation of McKenzie Meadow Village to a vote by the citizens of Sisters, the Council should have held a public hearing to review the annexation proposal and did not. He stated there is no urgency to this matter but the City needs to consider the objective and subjective growth costs associated with the annexation. He stated that the City also needs to remember the requirement of the Comprehensive Plan that annexed property will not impact or reduce the long term operation or levels of City services. He stated that he recommends the McKenzie Meadow Village applicants find out what this means and that it is only fair to hold a public hearing with regard to the annexation. He stated that prior to the public meeting the Council and public need to know the full scope of the issue and that will involve conducting a cost study. He stated an informed decision is needed to determine if the benefits outweigh the costs.

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Councilor Kellstrom stated that he has the perspective of being on the Council since 1999 and the City could not anticipate the growth the City it has seen in that time. He stated the City is as financially solid as it has been more proactive in measuring and monitoring expenses and revenue. He stated he would agree to a phased annexation like Councilor Bell suggested as a compromise. He stated he feels the Comprehensive Plan is a crude approach to what the future will hold and it is not a bad idea to have more land than the City thinks it needs in reserve. He stated it brings increased property tax to the City and that there is a solid argument to bring the property in.

Mayor Boyd stated that any decision requires the consensus of the Council and even though Councilor Weed is unable to participate due to her conflict of interest, to move forward would still require the agreement of three Council members. He stated that he agrees with a phased annexation and that gives consensus to that idea. He stated that he is in favor of holding a public hearing and the other **Council** members agreed. He stated the applicant would like a public hearing prior to the Council making a final decision on the annexation. He stated that at the public hearing he wants to see staff address not only the availability of housing but the concept of phased annexation, affected groups and the costs to the City associated with the annexation.

Councilor Merrill stated that the Council needs to address that the cost to existing homeowners is greater than to the homeowners coming into the new development and the City needs to address how it will pay for those services. He stated the City needs to consider what the alternative opportunities are. He asked the Council to consider if a child care center would be better suited at Sisters Organization for Activities and Recreation (SOAR). He stated it is unwise to make decisions at this time without the appropriate information and urged the Council to remember there is no urgency to the matter.

Mayor Boyd stated that staff should stop working on the annexation agreement and complete the needed research. **Councilor Bell** stated that Measure 9-38 stated the public hearing would review the annexation proposal and asked if that referred to the annexation agreement. **Mayor Boyd** stated the public hearing is an opportunity for citizens to provide their opinion on the matter but not review the legal documents. **Manager Stein** stated that typically there are two documents that come before the Council; 1) the annexation agreement, providing details on what the applicant will provide in exchange for coming into the city limits and 2) the annexation ordinance, a legal document. She stated that in the past these documents have come before the Council along with a public hearing when the Council is contemplating the annexation but in this case it appears the Council has a desire to hold the public hearing in advance of making the decision to receive feedback from the community. **Mayor Boyd** stated that the City owes it to the community and developer to hold the public hearing in the next six months.

Councilor Merrill stated that the City gets tripped up on the affordable housing issue and it should not. He stated the Comprehensive Plan requires one in ten affordable units in any property that is annexed. He stated the Council also needs to consider the Housing Plan that is currently in

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process. **Manager Stein** stated that the one in ten requirement is a given but what is being defined in the annexation agreement is how that will be implemented.

Manager Stein confirmed that the Council wanted an analysis of how the City would serve the property and if there is capacity. She stated in order to provide that information that staff would also need to consider the potential number of dwelling units of other housing developments like Pahlisch and Hayden Homes. **Mayor Boyd** stated he felt it did not need to be so complex but instead a broader picture of whether there is a need for housing at this time, what is the cost to the City to bring in the development, what is the benefit to the community as a whole and what is the cost to the community. **Councilor Merrill** stated that it is unfair not to include Pahlisch and Hayden Homes when considering the annexation as those developments are already in city limits. He stated the City wants to provide necessary services without cost increases. **Manager Stein** stated she needs some time to discuss the Council's request with staff to come back with a framework on how they might approach the question and do some additional research to find out how it is done in other communities. The **Council** stated it would like to see the information it is requesting in less than a year. **Councilor Bell** added that the developers of McKenzie Meadow Village have done some needs analysis in conjunction with SOAR regarding the need for a child development center that staff could obtain for the public hearing. **Councilor Kellstrom** stated that he feels that taking six months to analyze the needed information is too long.

Manager Stein asked for clarification as to whether the Council wants staff to continue working on the annexation agreement. **Mayor Boyd** stated that if in fact it is determined that a phased annexation is what will be approved, it doesn't make any sense to keep working on the existing document. He suggested that staff use the time to research the requested information instead.

2. Density Bonus Interpretation

Director Porter stated there is a need to identify what the density bonus provision of the Development Code allows for with regard to allowing building homes on lots smaller than 6,000 square feet. He stated he has discussed the issue with the three former Planning Directors. He stated that Director Thompson had interpreted the density bonus to allow such development while there had been a shift in policy with Director Adams and Director Rankin to not allow smaller lots through the density bonus provision. He stated that after a conversation with the City Attorney as to whether the density bonus applies to a single lot of a partition, he is in need of interpretation from the Council as to what the density bonus is intended to mean. He stated that there are reoccurring requests from affordable housing advocates to apply the density bonus provision. He stated that it is the staff recommendation to limit the application of the density bonus to the Multi Family Sub District which is the current policy for the "R" zone.

Councilor Kellstrom stated that initially the Council approved smaller lot sizes for homes but then determined the smaller lot sizes were inadequate and raised the lot size to 6,000 square feet. **Manager Stein** stated that there had been concern about duplexes and triplexes being built on

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single family lots in the “R” zone as well as lots being partitioned. Those individuals living in existing neighborhoods complained that allowing these types of dwelling units was changing the character of their neighborhoods. The Council agreed to allow smaller lots and partitions in new developments. She stated the Council needs to determine if it is a density issue or a lot size issue.

Mayor Boyd stated that the Council knows that in a new residential area smaller lots are allowed, but the question is whether an affordable housing group can make lots that are 4,500 square feet in an existing neighborhood because of the density bonus provision. **Councilor Merrill** stated that the density bonus is a separate issue in the Development Code to encourage affordable housing. He stated he feels the Section 2.1.200(5) of the Development Code explicitly states that a 6,000 square foot lot can be reduced to 4,500 square feet. **Mayor Boyd** disagreed stating he believes the Development Code does not explicitly state the lot can be smaller. He stated he feels the section Councilor Merrill was referring to allows density in terms of the number of units allowed, not lot size; but he sees how it could be interpreted both ways.

Councilor Bell stated she interprets the section to mean that if the applicant meets the requirements listed, then a smaller lot size is allowed, adding that she feels 4,500 square feet is too small. She asked for clarification on what 125% density means. **Mayor Boyd** provided the example that if a zone allows eight to 12 dwelling units per acre, then 125% density would increase the allowed number of units to 15 dwelling units. **Councilor Merrill** stated the purpose of the density bonus provision is to allow affordable housing; it was the intent of the provision and is what makes the homes affordable.

Gale Larson, a Habitat for Humanity volunteer, read a letter he had written justifying why the Council should allow the 4,500 square foot exemption on which to build a low cost home for a Habitat for Humanity participating family. He stated that if the density bonus is not allowed for the particular property in question on Cowboy Street, then Habitat for Humanity will need to demolish the addition to the existing home in order to build another home on the lot.

Sharlene Weed, Habitat for Humanity Executive Director, stated she had participated as the Executive Director of Habitat for Humanity in the committee that wrote the new Development Code originally regarding the density bonus provision. She stated the intent was to help Habitat for Humanity get smaller lots and allow greater flexibility, which it has done successfully in at least four instances. She stated that Habitat for Humanity will build the second home on the lot in question even if it means demolishing the addition to the first home at a cost of approximately \$6,000, which, she added, would be a waste of community funds.

Larry Lennon, Building Chair for Habitat for Humanity, stated that the \$6,000 quote from Executive Director Weed is half the cost of adding a bedroom onto a home. He stated that allowing Habitat for Humanity to build the additional home on the smaller lot will not change the neighborhood.

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Robin Tawney, Habitat for Humanity homeowner, stated that she like many Habitat for Humanity homeowners would rather own a home with a small yard or even no yard then to not own a home at all.

Mayor Boyd stated that in listening to the other Council members it appears they are divided equally on the interpretation of the code as it was written. He stated that Councilor Merrill and Councilor Bell think the smaller lot is allowed while he and Councilor Kellstrom do not. He stated that gives no direction to staff. He stated the code relating to the density bonus was poorly written but that the rules must be applied equitable and fairly to everyone. He asked staff if there was another way to get this house built on 4,500 square feet as he would like to see Habitat for Humanity have the opportunity to build this house without having to demolish part of the existing home. **Director Porter** stated that acquiring more property and subdividing it was the only option he foresaw.

Ms. Tawney stated that by allowing Habitat for Humanity to build on smaller lots previously, she feels the City has already set precedent to allow the smaller lots. **Manager Stein** explained those lots were created before the Development Code was changed and that is why there was a shift in policy between the two points in time. She stated that if it is the Council's intent to allow a smaller lot size than 6,000 square feet for affordable housing groups she suggested crafting a change in the language to be included with the emergency Development Code update as opposed to waiting for the non-emergency update which will take much longer.

Michele Sims, Habitat for Humanity President presented some instances where it appeared a smaller lot size has been allowed since the code change. She stated she understands that the Council does not want to set precedent but agrees with other Habitat representatives that it appears the Council has already. **Councilor Merrill** stated that one consideration Habitat representatives need to understand is that legally a decision made by the Planning Commission does not set precedent. He added he was unsure of the legality of setting precedent if the decision is made by the Planning Director.

Mayor Boyd stated that in regard to this particular instance it is acceptable for Habitat for Humanity to build on the smaller lot size. He asked whether a variance could be allowed and added he wanted to stress to the organization they should not come back to the City in the future and ask for the exemption again using this instance as its justification. He stated the wording of the text will be revised to provide clarity and everyone will need to follow the rules in the code as it is written. **Mayor Boyd** asked when the emergency Development Code update will come before the City Council. **Director Porter** stated it will go before the Planning Commission first and then come before the Council in April. He suggested deferring to the Planning Commission for a code interpretation as the matter cannot be handled as a simple variance. He stated it would be preferable to clarify the wording with the non-emergency update as it would allow the Council time to see if there are any negative effects or backlash.

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Mayor Boyd suggested instructing staff to allow the 4,500 square foot lot for this instance and address the issue during the emergency Development Code update. He stated that everyone in the community is in support of affordable housing until it comes into their neighborhood. **Mayor Boyd** stated that part of the issue is that while some Habitat homeowners keep their homes and yards well maintained, others do not and when the homes and yards are not well maintained the Council receives complaints. He stated that anything that the Habitat for Humanity organization can do to encourage its homeowners to keep up their yards would be appreciated. He stated it will help alleviate the negative perception people have about Habitat homes and become a non-issue.

Ms. Tawney asked if there are City ordinances with regard to maintaining property that apply not only to Habitat homeowners but all citizens that are not being enforced. **Mayor Boyd** replied that the City is working towards better enforcement of those types of ordinances but each violation takes staff time to enforce and he is simply asking Habitat to incorporate an education piece into their program for homeowners. He added it will help with public perception. **Mr. Larson** stated he agrees with Mayor Boyd and suggested that Habitat for Humanity create its own set of covenants, conditions and restrictions (CC&R's).

Councilor Merrill stated that he knows that Habitat for Humanity will not build a garage on its homes unless there is a city ordinance that requires it, but with the weather conditions in Central Oregon it should be a requirement. He stated it would have the added benefit of helping with junky yards. He stated that everyone needs to do a better job.

Ms. Weed thanked Mayor Boyd for his comments and stated that the organization is aware of the issue and is working with homeowners to better maintain their homes as it reflects badly on Habitat for Humanity also.

3. Preview 02/28/08 Regular Meeting Agenda

Sharlene Weed joined the meeting at 9:42 a.m. in her capacity as a councilor for the remainder of the meeting.

Manager Stein provided an overview of the upcoming joint workshop with the Planning Commission and the regular meeting. **Councilor Weed** asked for additional information with regard to the formation of the Pine Street Reimbursement Improvement District. **Manager Stein** explained that Three Sisters Partner LLC, was required to put in the street improvements to access its development and now Three Sisters Partners LLC is requesting the formation of the reimbursement district to recoup some of its costs for those improvements that benefit neighboring property owners.

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4. City Manager Update

A. VFW Flag Request

Manager Stein stated she needed direction from the Council regarding the request from the Veterans of Foreign Wars (VFW) representative at the last regular meeting for a flag pole and asked if the Council wants staff to develop a cost estimate to procure and install a flag pole.

Councilor Weed stated that she is fine with the flagpole but uncertain about the cost involved. She suggested the VFW request a community grant from the City to cover the cost of the flagpole, stating that perhaps the City could provide \$1,000 towards the purchase and the VFW could find additional grant funds for the remaining costs.

Councilor Bell stated she had visited both sites and understands why Veterans Memorial Park is inadequate for the Veterans ceremonies. She stated she commends the VFW for the memorial rock but personally prefers using flags for the Memorial Day ceremony that are at eye level. She would prefer the option that uses stands for the flags versus a permanent lighted flag pole. She stated that creating a second Veteran's Memorial will change the flavor of the Village Green and prefers the compromise of many flags being used for their yearly ceremony.

Councilor Kellstrom stated he felt that Councilor Weed and Councilor Bell made good arguments to both sides. **Councilor Merrill** stated he has attended the Veterans Day ceremony at Sisters High School performed by the Junior ROTC and it is very impressive. He stated the ceremony uses a set of flags that include the United States flag and all branches of the military. The flags are carried by the cadets but can also be placed in temporary stands. He stated he feels it is more impressive to have many flags. He stated he is concerned that the City would be diminishing the other Veteran's Memorial.

Councilor Weed stated that this is the VFW's project and the group is very excited about its project. She stated she does not want to be a barrier to a group that wants to do something for the community and asked why the City should not support this endeavor. **Councilor Merrill** stated it will detract from the existing memorial. He stated an effective way to honor veterans is to place flags along Cascade Avenue or provide needed items to veterans at the Veterans Administration Hospital or by placing veteran license plates on your car. He stated at present the City is staffed for today and costs are increasing and the City needs to let taxpayers decide how much more they want to pay in fees and taxes. **Councilor Bell** stated that she estimated it will cost \$360 a year for the electricity to light the flag. She proposed instead that the City pay for the multi-flag stands as a show of support. **Councilor Merrill** stated there needs to be a conversation with the VFW to discuss the matter. **Mayor Boyd** asked Councilor Merrill if he would represent the Council in a conversation regarding the use of flag stands instead of the permanent flag pole with the VFW and he stated he would be very happy to meet with Post Commander Phil Gale.

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B. March 6th Workshop

Manager Stein stated that she, Councilor Merrill and Councilor Weed would all be at a League of Oregon Cities workshop on March 6th. **Mayor Boyd** suggested in light of this the workshop be cancelled and the **Council** concurred.

Manager Stein stated she had received information regarding the 911 renewal levy and asked if the Council wanted to adopt a resolution in support of the levy as it has in the past. **Councilor Bell** requested a copy of the information regarding the levy prior to making a decision and **Manager Stein** stated she would provide a copy to the Council.

Manager Stein stated she wanted to update the Council on a conversation she and Director Porter had with Mark Radabaugh, local representative for the Department of Land Conservation and Development (DLCD) regarding the sale of the Forest Service property. She stated Mr. Radabaugh informed them that if the Council were to take the approach of creating an overlay zone on the property that DLCD would likely respond that the City has not done enough analysis to support that zone change. He also stated the City could place itself in jeopardy of falsely advertising what a potential buyer could do with the property. He recommended that instead, the City put in place Comprehensive Plan language that states if the property, which is currently zoned Public Facilities (PF), ends up in private ownership that the City would contemplate a zone change at that time. She stated he will provide language to the City that is appropriate. She stated the property will go up for sale, zoned PF, and whoever buys the property will then have to pay for the consultant work necessary to produce the needs analysis. **Councilor Weed** asked if the City can include language to protect those items the City knows it wants such as tree preservation and public facilities. **Manager Stein** stated she would explore that option with Mr. Radabaugh. **Councilor Weed** stated she is concerned the City might lose those options if they are not identified up front. **Councilor Merrill** stated the Council is not knowledgeable enough to deal with the issue and should obtain legal advice before making any decisions. **Manager Stein** stated she asked Mr. Radabaugh to send his concerns in writing as well as the proposed language with regard to the sale of the property. She stated she also wanted to discuss the issue with Pam Beery and Steve Bryant, the City's legal counsel.

The meeting was adjourned at 10:20 a.m.

Respectfully submitted,

Kathy Nelson, City Recorder

Brad Boyd, Mayor