

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
SEPTEMBER 25, 2008

**MEMBERS PRESENT:**

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

**STAFF PRESENT:**

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

The meeting was called to order by Mayor Boyd at 6:02 p.m.

1. Water Rights Status Report

**Manager Stein** stated she was providing an overview of the status of the City's water rights. She distributed a summary sheet detailing the City of Sisters water rights. She began her power point presentation (copy attached) which provided information on the following:

- Steps to certifying a water right: application, permit and certification
- Mitigation requirements under the Deschutes Basin Mitigation Program
- Categories of city water rights, description and status of each
- Other water rights procured through the development process
- Near term implementation strategies identified in the technical memorandum
- Details of the contract amendment #2 with GSI Water Solutions

**Manager Stein** reported that currently Adam Sussman of GSI Water Solutions, Inc., is working on a long term implementation strategies technical memorandum similar to the one prepared for near term strategies and that the contract amendment requested includes this work.

**Manager Stein** reported on a Conservation Reuse and Storage Grant Program application and stated the contract amendment also would compensate Mr. Sussman for preparing the grant application on the City's behalf. She stated the \$20,000 grant request will be matched from the City in the amount of \$10,000 in cash and \$10,000 in-kind (staff costs) to prepare a Water Management and Conservation Plan. She stated there is a need to improve upon the existing Water Management and Conservation Plan that was prepared in conjunction with the 2005 Water Facilities Master Plan in order to secure a water rights certificate for Well No. 3 and withstand expected challenges from the Oregon Water Resources Department (OWRD) staff and other special interests.

**Councilor Merrill** observed that the City doesn't have many options regarding the issue as there is not a staff member with the needed expertise. **Councilor Kellstrom** stated he is quite upset that the City's former experts did not provide this information and stated he expected that certain measures should have been taken by them to protect the City more adequately. He stated he is concerned about where this situation will go and the cost involved. **Manager Stein** stated that

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staff has in the past relied upon the information provided by City Engineer Dick Nored and his consultations with the OWRD staff. More recently, the City contracted with water rights attorney Martha Pagel in a limited role of securing a 'lost' water right associated with Well No. 1, not to address any of these other strategies. She stated she is confident that the City currently has the best minds in the state working on the City's behalf. **Councilor Weed** stated she feels it is a positive step that the City is paying attention now and getting a handle on the situation.

**Mayor Boyd** asked what fund will be used to pay for the contract amendment. **Manager Stein** stated it will need to come from the Water Fund. **Manager Stein** added that the Council will also need to take these increased costs into consideration when reviewing the water rate study. **Finance Director Young** added that water rights will soon need to be a part of government accounting and stated it is a good time for the City to inventory its water rights. She stated it will be a requirement to inventory and value those rights in the near future and include them on the balance sheet.

**Councilor Kellstrom** asked if Ms. Pagel was ever able to secure the lost water rights for the City and **Manager Stein** stated she had not. She added that Mr. Sussman has indicated that he feels it is still worth the effort to try one more time to secure the lost right. **Councilor Kellstrom** asked if there are any relief resources available to the City. **Manager Stein** stated that both Bend and Redmond are working on water issues also and have been for some time. She stated that the Deschutes Basin is considered to be the most hydraulically complex basin in the state due to the interaction between surface water and ground water. She noted the House Energy and Environment Committee will meet tomorrow in Bend and be given a presentation on the state of the Deschutes Basin program. She suggested the Council might benefit from convening the same panel and hear them speak on water issues.

**Councilor Bell** asked how many years the City will be secure with regard to water rights if all the tasks suggested by Ms. Sussman are performed. **Manager Stein** stated Mr. Sussman indicated the tasks will provide the City with water rights protection for the next 20 to 30 years.

## 2. City Manager Update

Due to lack of time the City Manager update was postponed to the regular meeting.

The meeting was adjourned at 7:00 p.m.

Respectfully submitted,

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Kathy Nelson, City Recorder

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Brad Boyd, Mayor