

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
MARCH 12, 2009

**MEMBERS PRESENT:**

Lon Kellstrom      Mayor  
Bill Merrill      Councilor President  
Sharlene Weed    Councilor  
Pat Thompson     Councilor  
Jerry Bogart      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:**

Roger Lee            Executive Director, Economic Development for Central Oregon (EDCO)  
Heather Richards    Interim Community Development Director of Redmond

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

A. Enterprise Zone Application Package: Resolution, Map, Local Incentives and Special Statuses

**Community Development Director Porter** stated the Greater Redmond Area Enterprise Zone was before the Council for consideration. He stated the City has been working closely with the City of Redmond to apply jointly for enterprise zone designation for portions of the City. He stated the resolution to come before the Council at the regular meeting includes a defined boundary for the enterprise zone, the local incentive package the City will offer and the specific program options that will be incorporated into the zone. He stated within the zone there are three program options that can be offered; 1) traded sector, 2) hotel/motel and 3) e-commerce. He stated staff is proposing five sections in the city for enterprise zone candidacy and outlined each one along with the acreage of each and pointed the areas out on the map included in the staff report.

**Director Porter** discussed the recommended local incentive package and stated it is similar to the incentives the City of Redmond will offer. He stated that Economic Development for Central Oregon (EDCO) will provide management of the enterprise zone and will be responsible for working with eligible businesses to make sure the appropriate paperwork is filed. He stated there will be some minor financial impact to the general fund once the zone is implemented. He stated staff is recommending the Council approve the defined boundary, local incentive package and the traded sector and e-commerce program options.

**Director Porter** introduced EDCO Executive Director Roger Lee and Interim Redmond Community Development Director Heather Richards.

**Councilor Weed** asked if the City determines the enterprise zone is not working well for the City whether it is possible to withdraw from the program prior to the end of the ten year term. Director Porter replied it is not. She stated she felt the affected taxing districts were not adequately informed on the effects of the enterprise zone and given enough time to respond. **Manager Stein**

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stated if there are still questions the City will be happy to answer them. **Councilor Weed** stated she heard Sisters School District (SSD) Board is not taking a position because they do not entirely understand the program. **Mayor Kellstrom** stated he had spoken with SSD Superintendent Elaine Drakulich and that she is very familiar with the concept and in full support of the effort. **Manager Stein** stated taxing districts were given written notice of the meeting which was followed up with a reminder phone call to each entity. **Councilor Merrill** stated it is the taxing districts obligation to follow up and get their questions answered if they had any.

**Councilor Merrill** stated one of the reasons he ran for City Council was his perception of a lack of oversight and the need for it. He stated he feels the City should have an answer to the following questions regarding economic development in general:

- What role does the Council envision for the City relative to the enterprise zone?
- Who are the members of Sisters Business Attraction and Retention Team (SBART) and how were they selected?
- What does SBART envision as its charter/mission?
- What has SBART accomplished to this point?
- Has any consideration been given to SBART becoming a 501(6)C?
- If one on one contact is the best means for business recruitment, who will make the contacts and how will they be paid for?
- How will the effectiveness of the agencies (City, Chamber of Commerce, SBART, EDCO) be measured and how will it be done?
- What assurances will the City have those decisions are objective, businesses live up to their commitments and who will report this information?
- Should an outside agency be hired to enforce the above?
- Why should the City consider incubator companies if the object is to encourage new companies to invest in our community?
- Why consider a company only striving for the three year tax break if the object is to encourage new companies to invest in our community?
- If e-commerce results in the taxing districts forgoing tax increases, how are they expected to maintain and increase their services?
- What improvements are eligible for relief?
- If the area living wage is \$58,000 is that before or after state and federal taxes, Medicare, social security and unemployment and is it for one person or a family of four? (Councilor Weed stated it is gross wages for a family of four.)
- How does the City measure how many companies will come because of the enterprise zone versus wouldn't come?

**Councilor Merrill** stated these are all questions the City should ask to provide appropriate oversight. **Mayor Kellstrom** stated that most of the questions can already be answered and the others will be researched.

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**Councilor Thompson** stated that Councilor Merrill's comments are prudent and fair. He stated the enterprise zone designation is a tool to attract potential employers, citizens and tax payers to the city.

**Councilor Bogart** shared findings from a 2002 University of Southern California (USC) School of Business report citing the benefits of an enterprise zone as it relates to e-commerce.

**EDCO Executive Director Roger Lee** stated the enterprise zone program has survived because it helps new and existing companies and is not just an attraction tool. He provided examples of companies that located in Redmond because of the benefits of the enterprise zone and confirmed that EDCO take its oversight of these zones very seriously.

**Redmond Interim CDD Heather Richards** stated there are a lot of factors for businesses to choose a particular place and Redmond has received testimony from companies that state the enterprise zone was the deciding factor. She stated there is also oversight by the Department of Revenue and the Assessor's office which collects information every year.

B. City Manager Update

**Manager Stein** reported that Interim Sisters District Ranger Craig Letz informed her that the Sisters Area Fuels Reduction (SAFR) project will be funded with stimulus funds. She stated the appeal with regard to the project she reported on at an earlier meeting has been resolved.

**Councilor Thompson** stated it was his hope that priority will be given to local crews to perform the work in support the local economy. **Manager Stein** stated she would check what process will be used in choosing contractors for the work. **Councilor Merrill** stated he would be surprised if the Forest Service does not follow federal contracting laws.

**Manager Stein** stated that in follow up to the approved budget for FY 08-09 she is recommending the hiring of a part-time administrative position. She stated she had waited until the transition of the refuse service to High Country Disposal (HCD) was complete to see if that would create a noticeable difference in the workload for administrative staff, which it has not. She stated the position is for 20 hours a week with no benefits. She provided an overview of some of the tasks the individual will perform. She stated the hiring of the position will allow the City to move from auto-attendant phone answering to live coverage on answering the phones. She stated funding for the position is already included in the approved budget.

**Mayor Kellstrom** stated that he sees solid reasons to approve the hiring especially since it will provide live coverage on the phones. He stated he has noticed that while the workload for the private sector seems to be falling off, the workload for government is not.

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**Councilor Weed** stated she would like to see a job description as the list of tasks the person will handle seems like a heavy workload for a half-time position. (Manager Stein provided a copy of the draft job description for Councilor Weed to review.) **Councilor Merrill** stated an additional half-time person will increase efficiency as comp time and overtime are not an efficient way to conduct business. **Councilor Weed** asked what the wage range will be and **Director Young** stated she thought the wage grade ranged from \$13 to \$20 an hour but would check to make certain.

The meeting was adjourned at 6:55 p.m.

Respectfully submitted,

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Kathy Nelson, City Recorder

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Lon Kellstrom, Mayor