

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
MARCH 19, 2009

**MEMBERS PRESENT:**

Bill Merrill            Councilor President  
Sharlene Weed        Councilor  
Pat Thompson        Councilor  
Jerry Bogart          Councilor

**ABSENT:**

Lon Kellstrom        Mayor

**STAFF PRESENT:**

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

The meeting was called to order by Council President Merrill at 8:00 a.m.

A. Amendment to Master Fee Resolution

**Council President Merrill** asked if there were any questions for Public Works Director Grimm or Community Development Director Porter with regard to the recommendation on the staff report for proposed fees for the full-service hookups at the overnight camp and reduction of fees for home occupations.

**Councilor Thompson** asked, on average, how many home occupation reviews the Planning Department sees each year. **Director Porter** stated that only one has come to the Planning Department since he began working in September 2007. He stated that most home operated businesses operate under the radar of the City. **Councilor Thompson** asked if this change is to try and “catch” people who currently have not submitted a home occupation application such as contractors. **Director Porter** stated it is not but he is hopeful the reduced fee will entice individuals to come in and legitimately apply for the permit. He stated the application is to protect neighbors from more traffic, large signs, noise, odor and smoke that could be present. He stated in figuring the time necessary to review the application, it became apparent that the fee currently being charged was too high. The **Council** was in agreement that reducing the application fee from \$310 to \$100 was a good idea

**Councilor Thompson** asked if any discount on the campground fees at the full-service hookups spaces will be available for senior citizens. **Director Grimm** stated one was not included in his proposal but could be easily added. **Council President Merrill** stated that the senior discount typically given is ten percent off the daily fee. **Councilor Weed** suggested Director Grimm do some research to see what other Recreational Vehicles (RV) overnight facilities charge. **Director Grimm** stated he will do some research on charges from other facilities and incorporate the discount amount into the fee schedule. The **Council** discussed the matter and agreed that a senior discount should be added into the fee schedule.

B. Review of Utility Rates

**Council President Merrill** introduced Deb Galardi, utility rate consultant for the City. **Ms. Galardi** stated she had performed a water and sewer rate study and was in attendance to discuss the summary of her findings with the Council. She stated the discussion would include analysis of the revenue and expenses and recommendations for the near and long term for the City to implement.

**Ms. Galardi** stated that the slowing of growth and development has reduced related fee revenue. She stated the wastewater system finances are in good health and could reduce rates without damaging the health of the fund. She stated that conversely, the water system finances are in need of significant enhancements as the fund is currently not self-supporting and in need of a significant rate increase. She stated that funds from the General Fund can continue to be transferred to the Water Fund as has been the past practice but she does not recommend that. She stated it is important for the City to adopt a rate structure that addresses the inequities.

**Ms. Galardi** provided an overview of current sewer revenue for FY 08-09, the revenue requirements for FY 08-09, contingencies and reserves for the Sewer Fund and upcoming sewer improvements and the funding needs for those projects. She provided the same information for the Water Fund. She stated by using the current capital improvement plan (CIP), that for the near term she would recommend reducing the monthly sewer charge by about 12.5 % or \$4.88 per equivalent dwelling unit (EDU) per month and increasing the monthly water charge by about 30% or \$4.95 a month. She stated this will result in an almost neutral impact to most city services accounts. She stated that for long term changes she would recommend that sewer billing be tied to actual water use for non-residential customers and allow further reduction in the charge for EDU's. She stated that with regard to the Water Fund, she would recommend a decrease in the fixed monthly charge, which is high and allows a very high volume use, and decrease the allowable volume use. She stated this will also encourage water conservation. She stated there will also need to be rate increases in FY 2011 and FY 2012 in order to address the upcoming capital improvements.

**Councilor Weed** asked if the City could transfer funds from the General Fund to cover the capital improvement projects as they arise. **Manager Stein** stated she would not suggest that the City continue to subsidize the Water Fund as the funds should be self-supporting. She stated that that is why the recommendation for the rate increase for water is being considered to address the short term deficit in the Water Fund. She stated a long term rate structure will take a great deal of analysis before the City can make any decisions. **Manager Stein** asked if the Council was interested in attempting to implement a street maintenance charge. She stated there has been no rate increase to water rates since 1994, but there have been significant increases in operating costs.

**Councilor Thompson** stated that for the short term he would be in favor of making a dollar for dollar adjustment to the rates charged that would be equal, such as increasing the water rate by

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five dollars and decreasing the sewer rate by the same amount. He stated for long term changes he would not approve increases without significant review of efficiency and operating costs.

**Councilor Merrill** stated he agrees with making utility rate changes that offset each other but suggested letting staff figure out the exact amount. He stated the issue the Council needs to discuss is a street maintenance fee. He stated the City is discussing the possibility of a gas tax and the City needs to think about the impacts of trying to attract more businesses when the streets are crumbling. **Manager Stein** stated the issue is if the Council wants to impose some type of street maintenance charge at the same time as the other neutral utility rate changes which would result in an increase to customers. **Councilor Merrill** asked what staff is proposing for a street maintenance fee and whether it is a gas tax or a road maintenance fee for residents. He said it can be argued that that most of the heavy use on our streets comes from those outside the City such as Black Butte Ranch, Camp Sherman, Aspen Lakes and tourists who do not pay City taxes. He stated he does not feel it is equitable for the citizens to pay for all the costs involved with road maintenance. **Manager Stein** stated that staff could come up with a methodology for a rate for a street maintenance charge as at present the City has been transferring funds from the General Fund. She stated the City could use the theory that street maintenance is just another utility and charge accordingly. She added that the only way to capture those outside of town who use the roads is by means of a gas tax.

**Manager Stein** stated that there is discussion that legislature will come up with a transportation funding package of a gas tax of two to six cents a gallon. She stated there is also likely to be a prohibition for a city's ability to impose a gas tax at the local level. She stated that is the City were to get its fair share of the state gas tax it might not be necessary to impose one at the local level. She stated that although the outcome of that legislation will not be known for another month or two both Bend and Redmond are contemplating a local gas tax or even a Deschutes County gas tax or tri-county gas tax. **Councilor Merrill** suggested directing staff to do research and provide some figures and recommendations to the Council. **Councilor Thompson** agreed but stated he sees a local gas tax or road maintenance fee as a separate issue from the changes to the water and sewer rate changes.

**Director Grimm** stated that currently a \$100,000 transfer is made from the general fund for road maintenance. He stated that collecting a road maintenance fee from citizens would not produce enough income to make much of a difference and a gas tax would be more equitable for everyone that uses the roads. Councilor Thompson stated he feels the City needs to know what the County might be doing before considering a gas tax. **Manager Stein** stated the Council might not have the time to wait and will need to move quickly if it wants to impose a gas tax prior to the possibility of doing so be prohibited by the State.

**Councilor Weed** stated that she agrees to the changes to the water and sewer rates as long as the end result is neutral. She stated the City will need to look at the projects on the CIP to see if some of the projects can be postponed to a later time in order to keep costs as low as possible for city

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customers. She added that hopefully the City will receive some federal stimulus funds that can be used towards street maintenance.

**Manager Stein** stated the conversation was productive and a great pre-cursor to the upcoming budget process. Council President Merrill thanked Ms. Galardi for attending.

C. Preview of 03/26/09 Regular Meeting Agenda

**Manager Stein** provided an overview of the draft agenda for the March 26<sup>th</sup> regular meeting. She stated it was decided to cancel the workshop to discuss Economic Development for Central Oregon (EDCO) dues since Councilor Thompson will not be in attendance.

**Manager Stein** also previewed topics for upcoming meetings and informed the Council that a quarterly meeting with the County Commissioners will take place on April 2<sup>nd</sup>. She asked for topics the Council would like to discuss with the Commissioners. **Council members** stated they would like to discuss the County Comprehensive Plan update, County Transportation System Plan (TSP) update and destination resort remapping.

There was discussion on the City's TSP update with regard to the by-pass relative to the Timber Creek bridge, the design exception for Cascade Avenue that is currently awaiting Oregon Department of Transportation (ODOT) approval and how a Special Transportation Area (STA) could have significant impact the City's TSP update and what the City might do with regard to Cascade Avenue.

D. City Manager Update

**Manager Stein** reported on the Community Meeting that occurred on March 17<sup>th</sup> with regard to the Whychus Creek Restoration and Management Plan. She stated the Upper Deschutes Watershed Council (UDWC) will also come and present its findings and recommendations to the Council. She stated the four mile stretch of the creek the plan covers breaks the creek into sections with specific actions for each section. She stated that citizen members from the Timber Creek and Creekside neighborhoods want the projects to begin in their area and as a part of the plan the citizens would like to remove the Timber Creek bridge since the approach roads are still not completed. She stated one of the many ideas brought forth by the UDWC was removing the bridge to help with stream flow as the concrete pillars catch debris. She stated compounding the issue the misunderstanding from some of the neighbors is the thought that the bridge was going to be used only for emergencies and blocked the remainder of the time. She stated there was anger directed at the City with regard to the bridge and its intended use. **Manager Stein** stated a decision on whether the bridge should be finished versus not finished needs to occur.

**Council President Merrill** stated that maybe the bridge needs to still be at that location but with a different type of structure. He added that neighbors in the area of the bridge should not be angry

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with the City but with their realtors that might not have appraised prospective buyers of the impending bridge. **Councilor Thompson** stated there cannot be a discussion about possibly removing the bridge until the Development Code update is completed. **Manager Stein** added that the City will only contemplate removal of the bridge if there is a grant source to cover the cost of removal. She stated that some contractors might also want to be reimbursed for what they have paid into the bridge for its construction.

**Councilor Thompson** asked for a list of conditions of approval for the Timber Creek and Creekside subdivisions so the Council could see the actual verbiage as it relates to the bridge as a secondary access versus emergency access to the neighborhoods.

The meeting was adjourned at 9:56 a.m.

Respectfully submitted,

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Kathy Nelson, City Recorder

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William Merrill, Council President