

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
JUNE 25, 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
Steve Bryant City Attorney
Lisa Young Finance Director
Eric Porter Comm. Dev. Director
Paul Bertagna PW Project Coordin.
Kathy Nelson City Recorder

The meeting was called to order by Mayor Kellstrom at 6:01 p.m.

A. Supplemental Budget Discussion

Finance Director Young discussed the need for a FY 08/09 supplemental budget, the four funds affected and provided an overview of the changes. The four funds affected were:

- General Fund – Administration

An increase to *Material and Services – Contracted Services* for the unanticipated payment for an Endangered Species Act (ESA) Fish Risk Assessment

- Water Fund

An increase to *Capital Outlay* for advertising and design work for Well #2

- Street Fund

An increase to *Capital Outlay* for engineer design expenses related to the application for an American Recovery and Reinvestment Act (ARRA) grant for Larch Street improvements and the city's cost for the Elm/Ash Street improvements

- Sewer Fund

An increase to *Personal Services* due to reallocating salary percentages for Public Works employees due to the closing of the *Refuse Fund*

Director Young also provided information on the FY 08/09 supplemental budget for the Urban Renewal Agency which included:

- Urban Renewal Debt Service Fund

To account for an annual interest payment to the *General Fund* for repayment on an interfund loan

B. McKenzie Meadow Village Annexation Agreement

Community Development Director Porter stated this evening's discussion was a continuation of the conversation from the May 28, 2009 workshop and the purpose was to determine if staff

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should move forward on an annexation agreement for McKenzie Meadow Village (MMV). He stated one direction to proceed would be to refine the agreement, incorporate desired elements from the Council into the agreement, bring that version back to the developer for discussion and possible further refinement before bringing the agreement back to the Council for adoption. Once adopted, he explained, the developer would still need to work towards the necessary Comprehensive Plan amendment and zone change prior to any construction or development. He asked the Council if they would like staff to proceed with work on the annexation agreement.

There was general discussion on discrepancies on the list of required elements for the agreement such as a medical center, western theme requirements, who is responsible for paying the City's cost to move forward with the agreement and the difference of gross versus net acreage.

Councilor Merrill stated it was time to come up with a viable plan and the necessary elements in order to save time, money and effort. He asked whether since the vote of the people with regard to the annexation was for the property to be developed in one way and this iteration is entirely different from what was presented to the people, whether there is a legal issue with proceeding.

City Attorney Bryant stated the changes make no legal difference. **Councilor Merrill** does present an ethical issue in his mind as the people who voted will not get what they originally agreed to and might not have voted favorable on the annexation.

Manager Stein explained the list of elements in the staff report was merely a starting point for the Council and requirements can be added or subtracted depending on the Council's wishes. She stated the real question is whether the Council wants staff to be working on the annexation agreement as opposed to other tasks or priorities. **Mayor Kellstrom** stated he was under the impression the list of elements had come from the City's and developer's attorneys. **City Attorney Bryant** stated there are items to refine on both sides and that additional detail is needed from both sides.

Councilor Thompson stated that whether or not the Council consents to move forward with the agreement has nothing to do with zoning, land use or master plans and should not be considered when answering the question of whether to proceed or not. He asked what recourse the City has if the annexation agreement is not followed as adopted. **City Attorney Bryant** stated that the agreement will have a level of detail that commits the developer to constructing whatever has been recorded. He stated to deviate from the recorded agreement the developer will need the City to agree to any modification. He added that the risk is to the developer who must get the necessary Comprehensive Plan amendments, zone changes and find someone to build the facilities that have been agreed upon.

Councilor Thompson asked why the City would throw in conditions that might not come to be viable in the future as it appears to be a waste of time, effort and money. He stated the Planning Department will require all the necessary elements so why have those conditions in an agreement. **City Attorney Bryant** explained that not everything is in the Development Code and the City can require conditions outside of the code. He stated an annexation agreement is the only way the City

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can legally get what it wants that would be beyond what it would get through the normal land use process. He stated the agreement is a contract with the property owner that binds the property owner to certain conditions. He stated it is appropriate for the City to ask for concessions as the property owner benefits greatly when their property is annexed.

Councilor Merrill stated that in order to create the agreement, it would be wise to see what the developer thinks is viable. He stated information of that nature would be helpful to everyone involved. **City Attorney Bryant** stated the developer must think it is a viable project as they are willing to invest a lot of money in the process to move forward. He stated there are risks to the developer regardless of whether they move forward with the Comprehensive Plan amendment or annexation first. He stated the real question is whether the agreement is viable at the time the project is actually developed. **Councilor Bogart** stated that in speaking about viability the City wouldn't have any subdivisions or expansion without viability.

Councilor Merrill stated he is not judging the developer but he would challenge the credibility of the agreement as to what will be developed on the property as the vision for the property has already changed several times. He stated that if he has additional information he would be willing to move forward with the agreement.

Councilor Thompson stated he would also like more information but suggested that those elements that might already be included in the Development Code be removed to make the document less cumbersome.

Councilor Weed stated she doesn't think the City's Comprehensive Plan can legally allow the annexation as the City is required by state law to follow its Comprehensive Plan policies. She distributed a packet of information she had assembled to support her point of view. She stated that in reviewing the current population and land inventory it is clear the annexation is not necessary and in conflict with the Comprehensive Plan policies. She stated she is puzzled why the City would even consider annexing the property at this time as there is an excess of residential inventory and it would be detrimental to the City to add to that inventory. She stated it is important to protect the outlying farm and forest lands when there is more than adequate in-fill property available. She summarized by stating that proper administration of the Comprehensive Plan must come from careful independent study of broadly based issues and not be dictated by issues of the moment.

Mayor Kellstrom asked if annexing the property will violate the Comprehensive Plan as Councilor Weed suggests. **City Attorney Bryant** stated it will not create a legal impediment if the Council decides to annex MMV or even the entire urban growth boundary right now. He stated it is instead a policy decision for the Council to decide.

Mayor Kellstrom asked if the Council wanted to direct staff to move forward with the annexation agreement. **Councilor Weed** was not in favor of moving forward. **Councilor Merrill** and

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Councilor Thompson were in agreement to move forward after receiving additional information on what the project will include and **Councilor Bogart** was in favor of moving forward to promote economic development. **Mayor Kellstrom** stated he was in favor of moving forward. He directed staff to move forward and obtain additional information from the developer that can be incorporated into the annexation agreement.

Manager Stein asked at what point additional information might complicate the land use process in the future and what points of discussion the Council can have in advance. **City Attorney Bryant** stated it is acceptable for the Council to discuss a generic footprint on the layout of the property.

C. City Manager Update

Due to lack of time there was no City Manager update.

The meeting was adjourned at 7:05 p.m.

Respectfully submitted,

Kathy Nelson, City Recorder

Lon Kellstrom, Mayor