

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
NOVEMBER 12, 2009

**MEMBERS PRESENT:**

Lon Kellstrom Mayor  
Bill Merrill Council 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  
Brad Grimm Public Works Director  
Kathy Nelson City Recorder

**I. CALL TO ORDER/PLEDGE OF ALLEGIANCE**

The meeting was called to order by Mayor Kellstrom at 7:00 p.m.

**II. PROCLAMATION**

A. 2010 – Year of the Volunteer

**Erin Borla, Sisters Area Chamber of Commerce Executive Director**

**Chamber Executive Director Borla** stated the proclamation coincides with the Chamber of Commerce’s partnership with the National Forest Foundation, Sisters Ranger District and Deschutes National Forest to create a volunteer bank for Sisters. She stated the hard economic time the country is experiencing is the perfect time for individuals to give back through volunteering.

**Ed Onimus, Redmond City Council**

**Redmond Councilor Ed Onimus** stated that all of Sisters benefits when Sisters citizens volunteer. He thanked the Council for its support.

**Mayor Kellstrom** read the proclamation and invited citizens to volunteer their time.

**III. VISITOR COMMUNICATIONS**

There was no visitor communication.

**III. CONSENT AGENDA**

A. Minutes

1. October 15, 2009 – Workshop
2. October 22, 2009 – Workshop
3. October 22, 2009 – Regular Meeting

4. October 29, 2009 - Workshop

B. Bills to Approve

1. November 12, 2009 Accounts Payable

**Finance Director Young** distributed an additional sheet of accounts payables and requested the Council include the invoices with their motion.

*Councilor Merrill moved to approve the amended consent agenda. Councilor Weed seconded the motion. The motion carried unanimously.*

**IV. ACCOUNTS PAYABLE NOT ON THE CONSENT AGENDA**

A. November 12, 2009 Accounts Payable

*Councilor Merrill moved to approve the accounts payable not on the consent agenda. Councilor Weed seconded the motion.*

**Councilor Thompson** stated he would refrain from voting due to a direct conflict of interest.

*The motion carried unanimously.*

B. November 25<sup>th</sup> 2009 Accounts Payable

**Manager Stein** explained that having the Council prospectively approve the November 25<sup>th</sup> invoices will allow the City to pay invoices that are due the second half of November. She explained this was necessary as the Council will not meet again until December because of the Thanksgiving holiday. She informed the Council they would receive a list of the November 25<sup>th</sup> accounts payable with their December 10<sup>th</sup> regular meeting packet.

*Councilor Merrill moved to approve the November 25<sup>th</sup> accounts payable. Councilor Weed seconded the motion. The motion carried unanimously.*

**V. STAFF REPORTS**

A. **Eileen Stein, City Manager**

**Manager Stein** directed the Council to the item on her staff report about the second phase of the utility rate study to remind them that a second 15% water rate increase was envisioned for next fiscal year.

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
NOVEMBER 12, 2009

**Councilor Weed** stated the possibility of a second 15% water increase has not been fully discussed and she feels there needs to be workshop on the matter. **Manager Stein** agreed and stated a workshop will be scheduled prior to any action taking place.

**Manager Stein** stated she's had a conversation with Steve Johnson with the Deschutes Basin Board of Control, about the Habitat Conservation Plan and the continuing discussion among irrigation districts as to whether the cities that may want to join should be required to pay retroactively. She added she does not yet have an opinion on whether the City should join that effort.

**Manager Stein** reported a neighborhood meeting will be held November 18<sup>th</sup> regarding the Whychus Creek Action 31 project. She stated discussion will focus on whether the project, from the Highway 20 bridge to the Timber Creek Bridge, should move ahead and possibilities for funding the project.

**Manager Stein** reminded the Council of Central Electric Cooperative's (CEC) planned power outages that will occur next week.

**Councilor Weed** stated she read an article in the Bulletin about the City inadvertently over charging the Sisters School District for water. She stated she was surprised as she thought it was the other way around and the district had been undercharged because of a faulty water meter. **Public Works Director Grimm** explained that there were three water meters in question and further research by staff found that the water meter at the modular building between the high school and middle school was actually recording 100 times the actual usage. **Councilor Weed** stated she though there was an issue with missing water and the previously presumed water undercharge accounted for that. **Director Grimm** stated that through research of water rights issues the unaccounted water has been accounted for.

**B. Lisa Young, Finance Director**

**Finance Director Young** asked for questions on her staff report.

**Councilor Weed** asked for a recap of the financial fitness classes. **Director Young** stated that while attendance was not as high as she would have liked to see it was appreciated by those that attended and she sees merit in continuing the classes. She reported she will be meeting with representatives from Bank of the Cascades and NeighborImpact to determine the future of offering other classes.

**Director Young** reminded the Council that Rob Tremper, from the auditing firm Dickey and Tremper LLC, is scheduled to present the FY 08/09 audit report on November 19<sup>th</sup>. She

stated copies of the City's financials and management letters will be included in the weekly workshop packet.

**C. Captain Tim Edwards, Deschutes County Sheriff's Department**

**Captain Edwards** reported on the number of patrol hours provided, incidents, citations, warnings and business checks for September. He noted it was a very quiet Halloween with only one DUII arrest.

**VI. COUNCIL BUSINESS**

**A. Discussion and Consideration of Ordinance No. 390: AN ORDINANCE OF THE CITY OF SISTERS AMENDING SISTERS MUNICIPAL CODE SECTION 8.04 CONCERNING SOLID WASTE AND DECLARING AN EMERGENCY**

This item was pulled.

**B. Public Comment and Consideration of Resolution No. 2009-23: A RESOLUTION OF THE CITY OF SISTERS AMENDING THE MASTER FEE SCHEDULE TO ADD CHARGES FOR CITY MANAGED ACCOUNTS**

This item was pulled.

**C. Discussion and Consideration of Resolution No. 2009-25: A RESOLUTION APPROVING THE CLOSING OF A DORMANT FLEXIBLE SPENDING ACCOUNT AT THE BANK OF THE CASCADES AND APPROVING THE TRANSFER OF FUNDS FROM THE DORMANT ACCOUNT TO THE GENERAL CHECKING ACCOUNT**

*Councilor Merrill moved to approve the closing of a dormant flexible spending account at the Bank of the Cascades and approve the transfer of funds from the dormant account to the general checking account. Councilor Weed seconded the motion. The motion carried unanimously.*

**D. Discussion and Consideration of Motions to:**

1. Refer the Annexation of the McKenzie Meadows Village Property to a Second Annexation Vote

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
NOVEMBER 12, 2009

2. Approve an Annexation Agreement between the City of Sisters and McKenzie Meadow Village, LLC

Mayor Kellstrom opened the public comment period.

Mark Adolf, Pinnacle Alliance Group, 9307 Torrey Pines Lane, Yakima, WA 98908

**Mr. Adolf**, as a representative of Pinnacle Alliance Group, stated he wanted to focus on what is good for Sisters and its seniors and being good stewards. He stated caring and providing options for seniors is a good thing and provides sustainable economics. **Mr. Adolf** provided a recap of the process that was used in finding an appropriate location for his senior housing project which included all feasible properties both in and outside Sisters city limits. He stated that in every instance the cost for the property was four to seven times more expensive than the offer from McKenzie Meadow Village (MMV), making it unaffordable for seniors and impossible for him to consider. He stated his deep appreciation for the discounted MMV land.

Mike Morgan, 15925 Pilot Drive, Sisters, OR 97759

**Mr. Morgan** voiced his concern that one or more of the Council members had a business relationship with the owners of MMV. He read from an article in the October 28, 2008 edition of the Bend Bulletin where Bill Willits was quoted as saying “in the current economy no one is suggesting we add more residential or industrial land”. He stated that begs the question of why the City is considering this annexation. He stated Councilor Weed’s concern about defining the assisted living facility is valid since if what the City expects is not clarified, the City could end up with a double wide manufactured home as the senior facility and it would be compliant. He stated he does not feel a senior facility is viable in Sisters given the distance to the nearest hospital. **Mr. Morgan** stated the fact that Mr. Sampson has been unable to find any local investors speaks volumes. He stated he is concerned about what could happen; the roads could be put in and the utilities stubbed out and then the project is abandoned since there will be no construction loans available until banks clear out their current inventory.

Jeff Hagen, 354 E. Washington, Sisters, Or 97759

**Mr. Hagen** stated he was speaking to show his support of the project. He stated he has been a business owner in Sisters for a number of years. He stated at the economic peak he had 30 employees but he has cut back to 10 with the slow economy. He stated the prospect of bringing more business and jobs to Sisters is a great opportunity. He suggested another way the City could spur development is to lower system development charges (SDC’s).

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
NOVEMBER 12, 2009

**Bonnie Malone, 16190 Highway 126, Sisters, Or 97759**

**Ms. Malone** stated she was speaking on behalf of MMV and the annexation procedure. She stated she has a hard time understanding the attitude of some towards these developers. She spoke on the many projects they have built or been instrumental in creating and characterized the three families as visionaries, not developers. She stated the idea of an early childhood development center was dropped in subsequent meetings when it was determined that the location would be better suited to locate near the Sisters Park and Recreation District (SPRD) building. She stated senior housing would benefit Sisters greatly and be a huge asset. She quoted Norman Mailer, “cynicism is to keep me from becoming a wishful thinker” and stated she would rather be a wishful thinker.

**Harold Jacobs, 14634 Bluegrass Loop, Sisters, OR 97759**

**Mr. Jacobs** stated he came to represent seniors. He stated he has lived in Sisters for 10 years and been active in the Central Oregon Cities Organization (COCO) senior lunch program. He stated Sisters could use some housing for seniors and that housing would hopefully lead to the construction of a senior center. He stated there is a need for a central location where seniors can gather.

**Patty Vandiver, 373 Cottonwood, Sisters, Or 97759**

**Ms. Vandiver** stated she was speaking as a representative of Sisters Business Attraction and Retention Team (SBART). She stated SBART feels MMV would not be a band-aid for Sisters but rather a major step to reduce the crippling effect of the recession while allowing seniors to continue to live in our community. She stated citizens, merchants and Sisters workforce will all benefit from this project. She asked the Council to move ahead with the annexation.

**Phyllis Lewis, 69988 Sno Cap Lane, Sisters, OR 97759**

**Ms. Lewis** stated she was speaking in support of MMV with the proposed senior center, medical facility, community center and park. She stated that she plans on living in one of the cottages initially and then move to the assisted living center when it becomes necessary. She stressed she wants to be able to stay in Sisters with her many friends. She stated there is also a need for those that care for elderly parents. She stated her 97 year old father is in an assisted living facility in Bend and she would love the opportunity to have him near her so she could see him every day. She stated she is excited about the park, adding she would like to see a paved bike/pedestrian trail that connects to the Highway 242 trail and then eventually links to other trails in the community. She suggested the park include adult exercise stations to act as a good incentive for senior to stay fit.

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
NOVEMBER 12, 2009

**Jeff England, 750 Buckaroo Trail, Sisters, OR 97759**

**Mr. England** stated he was speaking on behalf of MMV. He thanked the Council, city staff, and the City Attorney for their assistance. He stated the positives for the project far outweigh any negatives. He stated there were a lot of proponents for the project in the room and asked for a show of hands from the audience of those in support. (A majority of audience members raised their hands). He stated the focus should be on the issue at hand; the 30 acre annexation. He stated it was approved by a 2/3rd majority three and one half years ago and the Council has an obligation to annex the property. He stressed there is not a suitable alternative property anywhere else and the project will be an important step towards the Council's economic development goals. He stated the property will also increase the tax base. He stated the annexation does not permit development of any kind until the zone change and master plan are accepted and both provide opportunity for public input.

**Mayor Kellstrom** stated that due to the overwhelming support of the annexation and in the interest of time, he would ask that only those individuals in opposition to the annexation or those with new information speak.

**Bill Willits, MMV, LLC**

**Mr. Willits** stated it has been 1,279 days since the annexation agreement was brought to the City and he is grateful to finally have gotten to this point. He stated he has heard that the annexation should be voted upon again because it has changed so much from what was originally presented and he wanted to clarify it has not. He offered copies of the original ballot measure and asked for people to read it and decide themselves if there had been significant changes.

**Keith Sampson, Pinnacle Alliance Group**

**Mr. Sampson** stated he was representing the seniors in the community, Mark Adolf and Pinnacle Alliance Group. He stated he knows of 12 families from Black Butte Ranch that have moved to Bend because there are no senior living facilities available in Sisters. He acknowledged the difficulty in finding financing for the project but stated he has acquired \$1.2 million in backing so far and is well on the way to reaching the \$4 million goal. He stated the need for senior housing is evident and recounted that he has received 66 letters of interest in only two months. He commended the Willits family, Reed family and Kurt Kallberg for making the project economically feasible, and Mark Adolf and the Council for making it possible.

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
NOVEMBER 12, 2009

**Winfield Durham, Sisters Coffee Company**

**Mr. Durham** voiced his support of the project stating the owners of MMV are a great team, the senior project will create jobs and it will be a wonderful addition to the community. He encouraged the Council to move forward on the project that will bring great benefit for Sisters and put people back to work.

**Bill Mintiens, 69225 Yellow Daisy Lane, Sisters, OR 97759**

**Mr. Mintiens** stated he is the marketing director for Aspen Ridge Retirement Community in Bend and has lived in Sisters for 18 years. He stated every week he counsels people from Sisters looking at retirement housing options and noted that several have mentioned they are waiting for the senior housing project in Sisters to be built. He stated there is demand for senior housing in Sisters.

**Curt Kallberg, MMV, LLC**

**Mr. Kallberg** stated he wanted to apologize to Councilor Merrill and Councilor Weed about labeling them as professional obstructionists; something he called them in an expression of frustration when he was being interviewed for a newspaper article. He stated he does not feel that way and wanted to formally apologize to them for the record.

Mayor Kellstrom closed the public comment period.

*Councilor Bogart moved to limit debate on the two questions before the Council to ten minutes per question per councilor. Councilor Merrill seconded the motion. The motion carried unanimously.*

**Councilor Bogart** announced that he has been a renter at Five Pine Station since June 2005. He stated Five Pine Station is a five member limited liability company (LLC) of which two members are also minority partners in the MMV project. He stated although this is not a potential conflict of interest he wanted to notify the public of this business relationship.

**Councilor Thompson** announced he is a member of a LLC of which two members are members of the MMV LLC. He stated there are no ties or financial links between either LLC and stated it did not create a conflict of interest for him.

On the matter of:

1. Refer the Annexation of the McKenzie Meadows Village Property to a Second Annexation Vote

There was no motion from the Council on this item.

On the matter of:

2. Approve an Annexation Agreement between the City of Sisters and McKenzie Meadow Village, LLC

**Councilor Merrill** moved to approve the annexation agreement as amended between the City of Sisters and McKenzie Meadow Village, LLC. **Councilor Bogart** seconded the motion.

**City Attorney Bryant** read the proposed changes to the annexation agreement into the record:

**Section 4: Senior Assisted Living Center:** *Owner shall designate no less than 6.3 acres of the Owner Property for the purpose of construction and operation of a Senior Living Center. The Center will provide senior (55 years old and older) assisted and independent living, and non-senior assisted living options. The Senior Living Center (or a phase of it) shall be built in the first phase of construction. No occupancy permits will be issued for any other development on the Owner Property until the Senior Living Center has received its occupancy permit.*

**Section 11: Other Development:** *Owner may use not more than 1.22 acres of the Owner Property for a commercial medical facility. The remainder of the Owner Property (exclusive of the public park and Senior Living Center) shall be used for residential purposes with no age restrictions.*

**Councilor Merrill** stated he is 72 years old and a full time caregiver to his wife who is confined to a wheelchair. He stated if anyone has a reason to support a senior center it is him but he has been concerned with the process and what has been said. He stated he spent 29 years in the military serving at both the national and international level and as such is familiar with making decisions. He stated his opposition to the annexation has been resolved with the changes to annexation agreement as read by City Attorney Bryant. He stated that people should know that growth does cost and is disappointed that point has not been acknowledged. He stated that each member of the Council was elected to a leadership position and posed the question, "what is leadership"? He read an excerpt on the subject of leadership from a speech he had given earlier in his career.

**Councilor Bogart** stated the socio-economic benefits of the annexation greatly outweigh any perceived negatives of the annexation. He stated that currently 12.3% of the nation's population is age 65 and above and that number will increase 40% in the next five years.

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
NOVEMBER 12, 2009

He stated Sisters needs to offer a place for seniors to stay and a senior living center is a good start. He stated unemployment in Deschutes County has increased 78% in the last year and it is time to move forward with the project. **Councilor Bogart** stated the project will bring \$77,000 in permit fees to the City and \$478,000 in various system development charges (SDC's); a win for the City. He stated saying no to the project means saying no to our seniors, affordable housing, unemployed community members and the City's budgetary needs.

**Councilor Weed** noted that this was the first time in her five years on the City Council that she had been in a roomful of people with an agenda with which she did not agree. She stated the annexation agreement has at best marginal benefit to the community, as mentioned by both the City Manager and City Attorney at an earlier workshop. She stated the annexation agreement does not require low income senior housing, an early childhood development center, land for any community purpose, a guarantee the assisted living will be built, no timeline for it to be built, has marginal financing and no minimum number of units required for seniors. She stated of the 16 designated affordable units only eight are truly affordable at 50% of area medium income (AMI) since the other eight 80% AMI units represent the current market rate. She stated development should pay for itself and in this case it has not. She stated MMV, LLC has not been required to pay for the extraordinary amount of time spent by staff and the related costs

**Councilor Weed** stated that with regard to the annexation she sees no compelling reason to bring the property in. She stated there is an abundance of residential property; more than enough for a 25 year supply and over 200 bank owned properties. She stated as there is no need for the land inventory there should be a strong community benefit and there is none. She stated the developer has stated development of MMV will bring in jobs but she has seen no details on the jobs that are supposed to be created or how the financing will occur. She noted that several projects within the city that do have financing have still not broken ground. She stated that land already within city limits is cheaper than it has been in years with lots for as little as \$44,000. She stated it would be better to have the senior living center be within walking distance to town so residents are closer to shops and volunteer opportunities. She stated since there is no need for 81 residential units the Council should have approved to bring in only the 6 acres needed for the senior living center. She stressed she continues to have more questions than answers. She stated that the developer wants the land brought in and a majority of councilors feel obliged to do so. She stated the Council should look at the facts and the annexation should be a truly democratic process with transparent communication. She stated the Council needs to keep the good of the community at the forefront and not just the financial needs of a few individuals.

**Councilor Thompson** thanked audience members for attending the meeting and stated he hopes everyone will keep the proclamation read earlier about 2010 being the Year of the

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
NOVEMBER 12, 2009

Volunteer in their hearts. He stated a little bit of volunteerism from a lot of community members could make a big difference in Sisters. He stated the annexation will be an asset to the community and provide an element not currently available in Sisters. He stated he is confident the development will be built in a quality manner and the City needs to move forward.

Mayor Kellstrom called for a roll call vote:

*Councilor Merrill – Yes*

*Councilor Bogart – Yes*

*Councilor Weed – No*

*Councilor Thompson – Yes*

*Mayor Kellstrom – Yes*

*The motion carried with a vote of four to one.*

**Mayor Kellstrom** thanked Councilor Thompson and Councilor Merrill and acknowledged their dedication and hard work at the eleventh hour to work together and resolve issues surrounding the annexation agreement.

**Councilor Weed** stated she was frustrated that within the last 24 hours Councilor Thompson and Councilor Merrill got together on the side to work things out. She stated she feels the Council should have its conversations in the open and be more transparent.

## **VII. OTHER BUSINESS**

There was no other business.

## **VIII. MAYOR/COUNCILOR BUSINESS**

There was no other business.

## **IX. ADJOURN – 8:13 p.m.**

Respectfully submitted,

---

Kathy Nelson, City Recorder

---

Lon Kellstrom, Mayor