

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
JANUARY 07, 2010

MEMBERS PRESENT:

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

STAFF PRESENT:

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

DESCHUTES COUNTY:

Tammy Baney	Commissioner
Dennis Luke	Commissioner
Dave Kanner	County Administrator
Scot Langton	County Assessor
Nick Lelack	Community Development Director
Peter Gutowsky	Principal Planner
Peter Russell	Senior Transportation Planner

GUESTS:

Doug Ertner	CEC Account Manager
Don Lang	CEC Syst Elect Engin

1. Quarterly Meeting with Deschutes County Commissioners

A. Welcome and Introductions

The joint meeting of the County Commissioners and Sisters City Council was called to order at 8:05 a.m. by Mayor Kellstrom and Commissioner Luke. Introductions were made and **Mayor Kellstrom** welcomed the County staff and visitors.

B. Status Reports

1. Central Electric Co-Op (CEC) Sisters Area System Upgrade

Doug Ertner, Central Electric Cooperative (CEC) Account Manager, stated that he and Mr. Lang were in attendance to explain how the wide-spread power outage affecting the Sisters area on December 8th occurred, the plans for the expanded transmission grid that serves the Westside portion of the grid and a pilot program that will be tested in the Tollgate neighborhood of Sisters.

Mr. Ertner stated upon notification of the outage, he made contact with the large accounts that were affected to advise them the outage could be lengthy. He explained the series of events that lead to the outage with the end result of four sub-stations being out. He explained that sections of the affected area were brought back on slowly because of the extreme cold and concerns that bringing sections on too quickly could overload the system and cause additional outages.

Manager Stein stated Sisters Emergency Plan was activated out of concern for families attempting to stay warm in homes without power.

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Don Lang, CEC System Electrical Engineer, discussed upgrades that have been taking place over the last eight years which will be completed by the end of 2011. He stated these upgrades will adequately serve the growth in the Sisters area for the next 15 to 20 years. **Mr. Ertner** explained CEC is working to convert all sub-stations in the area to 115,000 volts since some substations currently only have 69,000 volts and the two voltages are not compatible in case of outages when power switching needs to occur. He added that although Bonneville Power Administration (BPA) cannot currently serve all the sub-stations at 115,000 volts, BPA is also upgrading its system in order to meet that need.

Mr. Lang provided details on a pilot program in collaboration with BPA. He stated the Tollgate subdivision in Sisters was chosen as one of only two locations in the Pacific Northwest to participate in the program that looks to move peak demand, via the use of a hot water timer, to a time other than the normal three hours of peak demand that occurs every morning. He explained how the timer works.

Manager Stein asked if there would be any cost savings to customers. **Mr. Lang** stated that if the project is successful CEC will share the cost savings with its customers.

Mayor Kellstrom thanked Mr. Ertner and Mr. Lang for attending and providing information about the outage and the system upgrade.

2. Property Tax Assessments/Collections in 2010

Scot Langton, Deschutes County Assessor stated in 1997 when Measure 50 was passed, it dramatically changed how the State does property tax. He explained that Measure 50 established two values; market value, which is what a buyer would pay to purchase the home, and assessed value, which is limited to an increase of 3% each year. He stated property tax is based on the lesser of the two values. He stated that in the first ten years while the market value of homes increased dramatically the assessed value rose only at the 3% limit. He stated at that time the City was almost assured of a 3% revenue increase each year. He stated that with the downward market in property values that has occurred recently, next year will be the first year where market values may be the lesser of the two values. He estimated that home values will decrease by 20% which in turn will have an effect on the amount of revenue the City receives. He stated the City will not see the increase it has seen in the past but he expects the City to realize a positive change in revenue for next year and the year after that. He added that he believes the region has finally bottomed out with regard to the housing market. **Mr. Langdon** anticipated the value of bare land will be the type of property most affected.

Councilor Merrill asked who determines the market value of a home. **Assessor Langton** replied that appraisals are done by his office using statistical measurement to determine the annual market value. **Manager Stein** asked when figures will be available for FY 10-11 budgeting purposes.

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Assessor Langdon replied that unfortunately he will not have true figures until next October and the estimates he presented are the best he can give at this time.

3. Status of County Budget/Prospects for Fee Increases in 2010

Dave Kanner, Deschutes County Administrator, stated there will not be a tipping fee increase for the remainder of the year. He reported Deschutes County's general fund looks good as the beginning network capital came in higher than expected. He stated he anticipates some other small fee increases and that there will be some decreases in services. He stated although there have been reductions in revenue; they have not been as bad as projected.

4. Recovery Zone Bond Program

Administrator Kanner stated the *Build America Bond Program* was approved by Congress in 2009 as an element of the stimulus package. He explained the program allows local government to borrow funds at a lower cost for infrastructure projects. He reported there are two types of bonds; Recovery Zone Economic Development Bonds and Recovery Zone Economic Development Facility Bonds. He stated each county was allocated a certain amount of bonding authority with the ability to sub-allocate to jurisdictions. Deschutes County received \$10.8 million in bonding authority for economic development bonds and \$16 million in bonding authority for facility bonds. He stated the City of Sisters requested \$2.525 million and he gave Manager Stein the sub-allocation agreement this morning.

Administrator Kanner explained that normally bonds are issued as tax exempt but these bonds will be issued as taxable bonds with the federal government paying a direct subsidiary of 45% of the interest. He stated that normally facility bonds are taxable but these bonds can be issued as tax exempt providing a 30 to 35% savings on the interest rate. He stated one caveat relating to the bonds is the bonds must be issued in this calendar year. He states if Sisters does not use the bonding authority issued to it, the authority would likely be re-allocated to another jurisdiction. He stated the government wants to know the program is working before making a decision as to whether the same program will be offered in 2011. Another issue is that normally when a jurisdiction issues bonds it will build the debt service into the cost of issuance but there is a cap on the amount that can be included. He stated that will result in the City having some initial cost when issuing the bonds.

Administrator Kanner stated the program is not advantageous to all jurisdictions and is dependent on a city's bond rating. He stressed it is important to check with the City's bond counsel. **Manager Stein** expressed appreciation for the allocation consideration and stated since the City would do its own financing, there are a host of issues and questions to think about. She added that to the best of her knowledge the City has never applied for a bond rating which could present a problem also.

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Commissioner Luke conveyed that he had received notification that additional stimulus funds for roads will likely become available to the Oregon Department of Transportation (ODOT).

5. Transportation System Plan (TSP) Update for Deschutes County

Peter Russell, Deschutes County Senior Transportation Planner, distributed a handout and provided an overview of Deschutes County's Transportation System Plan (TSP) update. He stated there are two issues of concern from the update that are related to Sisters. He stated the first is the Barclay extension to Highway 126. He stated the County needs to establish if there is a need according to the Sisters TSP traffic modeling, take into consideration concerns from affected neighbors, respond to the Department of Land Conservation and Development's (DLCD) desire for additional information and the Board of County Commissioners adopted resolution regarding accepting new collector and arterial roads.

Commissioner Luke asked if there is a downside to putting a project on the TSP and then never constructing the project. **Planner Russell** replied that if a project is on the adopted TSP, then a developer can rely on the information. He stated listing a project that isn't ever constructed could also affect system development charges (SDC's).

Councilor Merrill asked for an update on the Skyline Forest project. **Planner Russell** reported legislation explicitly required access to the proposed development be off Highway 20 somewhere in the vicinity of Plainview Road. He reported secondary access from Three Creeks Road will not be allowed.

Planner Russell stated the second issue in the Sisters vicinity relates to biking in the area. He stated there has been strong support for designated bike routes in Deschutes County and requests to improve the conditions on roadsides for safer biking with chip sealing. He stated there has been a request for a non-highway option between Sisters and Bend with Sizemore Road specifically mentioned as an option. He stated the Road Department has studied Sizemore Road and determined it is not economically feasible to upgrade the road to collector status.

Commissioner Baney and Assessor Langton left the meeting at 9:19 a.m.

6. Transportation System Plan (TSP) Update for City of Sisters

Community Development Director Porter reported the City is in the final stages of adopting the TSP. It was decided an alternative route was the optimal choice to address through traffic and would be in conjunction with Cascade Avenue improvements. He stated the City will work with the County to insure the bike and pedestrian plans coincide. He stated the TSP will identify projects that will be constructed in phases and allow the City to look for funding sources for those improvements.

Councilor Thompson stated if the TSP is adopted it will have a drastic affect on Cascade Avenue. **Councilor Merrill** stated tying into Highway 126 could reduce 200 to 300 cars going through Timber Creek and Creekside neighborhoods.

7. County Comprehensive Plan Update

Nick Lelack, Deschutes County Community Development Director, provided an overview on the County's Comprehensive Plan update. He stated that since this is the first rewrite in over 30 years, it has been a major undertaking. He stated a draft of the plan has been based on input from the public with a foundation of balancing property rights, environmental protection and community interests. He stated another objective is to partner with other agencies to achieve the goals in the plan. He reported the update will include individual community plans.

8. County Destination Resort Mapping

Peter Gutowsky, Deschutes County Principal Planner, reported he has been leading the destination resort mapping process for the last year. He stated in 1993 the county adopted a destination resort map that included 112,000 acres of eligible properties. He explained that approximately 85% of those properties would never qualify for destination resorts as they do not meet the minimum of 160 acres. He explained that in 2003, the State enacted a bill to allow Central and Eastern Oregon to amend their destination resort maps. He stated Deschutes County Commissioners decided that the affects of Measure 37 and Measure 49 and rights of property owners needed to be sorted out prior to undergoing the mapping process.

Planner Gutowsky distributed a handout explaining that the County needs to adopt rules that define what properties are eligible and what procedures are necessary in order to apply. He reported that based on analysis using the new criteria, instead of 112,000 acres being eligible for destination resort mapping only 12,000 to 15,000 acres would qualify including existing resorts such as Sunriver and Black Butte Ranch.

Manager Stein asked what properties in the Sisters area will still meet the criteria. **Planner Gutowsky** pointed out on the map the areas, with a majority being east of Sisters off Highway 20. He stated that also under consideration is maintaining the rule that destination resorts cannot be located within a mile of a city's urban growth boundary (UGB) but areas currently on the 1993 map may have the opportunity to request being grandfathered on to the map. He added that even if a property owner requests being on the map, it does not mean the property will ever be developed as there are a number of hurdles the property owner must still overcome.

Councilor Weed asked why the County was concerned with Measure 37. **Commissioner Luke** stated the County is concerned with property rights. **Councilor Weed** asked how the Whychus Creek watershed will be protected. **Planner Gutowsky** replied that most properties on Whychus Creek are ineligible for resorts per State mandate.

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Councilor Weed stated she had read a report that analyzed impacts that destination resorts can have on cities and asked if the County had any response to the report or conducted any additional studies. **Commissioner Luke** stated that the analysis to determine impacts would typically come at the time of application. **Planner Gutowsky** stated it is common practice to require a 20 year traffic study of areas that will be affected prior to construction of a destination resort. **Councilor Weed** stated most people she has spoken with don't want any additional destination resorts. **Director Porter** stated the City would like to have a voice in requiring mitigation for the impacts cause by increased traffic from the resorts. **Director Lelack** stated that issue will continue to be a topic of conversation.

C. Other Business

Manager Stein provided an update on the subject of a Carver Lake breach and the affects it would have on Whychus Creek. She stated elevational data that has been recently mapped will provide for better modeling of potential flooding.

Director Porter stated he was interested in the County adopting a policy to more easily expand the UGB as there have been a few incidents in Sisters recently where job producing companies have been interested in locating in Sisters but there has not been a parcel of land big enough to accommodate the company. He stated having a 50 year supply of land in the UGB would allow the City to accommodate a request of that nature in a more timely fashion. **Manager Stein** added that the Council may want to consider an urban reserve study when contemplating the FY 10-11 budget. She stated the benefit is a reserve could help reach the City's economic development objectives. **Planner Gutowsky** recommended staff speak with the City of Redmond to see what grants it was able to obtain when it went through a similar process and to speak with the Central Oregon representative of the Department of Land Conservation and Development (DLCD).

Mayor Kellstrom thanked Commissioner Luke and the other Deschutes County staff for attending the workshop.

Mayor Kellstrom called for a recess at 10:03 a.m. The meeting reconvened at 10:07 a.m.

2. Preview January 14, 2010 Workshop and Regular Meeting

Manager Stein provided a preview of the workshop and regular meeting scheduled for January 11th. **Councilor Weed** stated she was puzzled as to why the Housing Plan or TSP were not scheduled for the workshop topic. **Manager Stein** stated both items are on the agenda of the regular meeting as continued items and a Housing Plan workshop is scheduled for January 21st. She stated after talking with the Mayor and Council President it is uncertain whether a workshop for the TSP will even be necessary.

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Finance Director Young stated during the workshop she will discuss the possibility of crediting utility deposits back to those accounts that have established two years of excellent credit. She stated she will also discuss looking at the amount of the City's deposit requirement. **Manager Stein** characterized the discussion as a refinement of the City's utility deposit policy.

3. City Manager Update

Public Works Director Grimm reported the Timber Creek Bridge was open for use. **Councilor Merrill** questioned whether the agreements that were made with the Timber Creek and Creekside homeowners associations were met. **Director Grimm** replied they have been met.

Director Porter stated the Kiwanis have offered \$18,000 towards the cost of a play structure at Clemens Park with a total estimated cost of \$40,000 to \$45,000. He stated that he and Director Grimm will be meeting with representatives of the Kiwanis to discuss grant opportunities for the remainder of the needed funds. **Director Grimm** stated if Public Works staff installs the play structure, as opposed to the manufacturer, it will save \$10,000 off the projected cost.

Director Porter reported on the schedule for the Development Code update and stated it is on track. He stated once the Planning Commission changes are incorporated, the update will be presented to the Council. **Manager Stein** stated that since the Mayor has requested the Council get through the Development Code update prior to budget season beginning, it may be necessary to meet outside normal meeting times. **Director Porter** asked if the Council would like to receive the updated sections as they become available. The **Council** stated they would and discussed the format they would prefer. **Mayor Kellstrom** suggested the Council begin with receiving a strike-through version of the section on the zoning districts along with a summary of changes. He stated the Council can discuss the format at a later time and determine if it works for them.

Councilor Weed asked for additional information on the City's request to possibly participate in the *Build America Bond Program*. **Manager Stein** stated she had considered the bonds for two projects; the Lazy Z effluent line project and value engineering for green building for the new Public Works maintenance facility. She stated she did not initially understand that the City would have to issue the bonds and she will need additional conversation on the matter with Dave Kanner and the City's bond counsel.

The meeting was adjourned at 10:38 a.m.

Respectfully submitted,

Kathy Nelson, City Recorder

Lon Kellstrom, Mayor