

REGULAR MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
DECEMBER 09, 2010

MEMBERS PRESENT:

Lon Kellstrom Mayor
Bill Merrill Council President
Sharlene Weed Councilor
Jerry Bogart Councilor

ABSENT:

Pat Thompson Councilor

STAFF PRESENT:

Eileen Stein City Manager
Steve Bryant City Attorney
Lisa Young Finance Director
Pauline Hardie Comm Devel Director
Paul Bertagna PW Project Coordinator
Lynne Fujita-Conrads Acct. Analyst
Kathy Nelson City Recorder

ABSENT:

Brad Grim PW Director

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE

The meeting was called to order by Mayor Kellstrom at 7:09 p.m.

II. VISITOR COMMUNICATION

There was no visitor communication.

III. CONSENT AGENDA

A. Minutes

1. October 21, 2010 - Workshop
2. November 11, 2010 – Regular Meeting
3. November 18, 2010 – Workshop
4. December 02, 2010 - Workshop

B. Bills to Approve

1. December 09, 2010 - Accounts Payable
2. December 23, 2010 - Accounts Payable

C. November 02, 2010 Certified Election Results

Councilor Merrill moved to approve the consent agenda including an additional page of accounts payable not previously included in the meeting packet. Councilor Weed seconded the motion.

Councilor Weed requested that the minutes of November 11, 2010 reflect her statement that the City Manager should respond to all constituents' requests and questions and about the

discussion that ensued. **City Recorder Nelson** stated the minutes would be edited to reflect her request.

The motion carried unanimously.

IV. ACCOUNTS PAYABLE NOT ON THE CONSENT AGENDA

- A. December 09, 2010 - Accounts Payable
- B. November 25, 2010 - Accounts Payable

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

V. STAFF REPORTS

- A. Eileen Stein, City Manager

Manager Stein stated that she and Mayor Kellstrom would be attending a legislative forum meeting on December 13th hosted by the Central Oregon Cities Organization (COCO) and invited other Council members to attend. **Manager Stein** stated she was beginning to plan for the annual goal setting session for the City Council to occur on a Saturday in late January or early February and requested Council members let her know of any potential conflicts in advance. She reported the weather forecast for the next few days was for heavy rainfall and staff would be keeping a close watch on Whychus Creek for potential flooding issues.

- B. Lisa Young, Finance Director

Finance Director Young commented that the low income utility program and deposit refund policy had been in place for almost one year. She stated staff would evaluate the success of each and she would report the findings in January.

Councilor Merrill praised Director Young and her staff on the report the City received from its auditor for the FY 09/10 audit. He reported the auditor was extremely complimentary of the Comprehensive Annual Financial Report (CAFR).

- C. Lt. Scott Beard, Deschutes County Sheriff's Department

Lt. Beard reported on the number of patrol hours provided, incidents, citations, warnings and business checks for November.

- D. Paul Bertagna – Public Works Project Coordinator

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Project Coordinator Bertagna asked for questions regarding the staff report. There were none.

E. Pauline Hardie – Community Development Director

Community Development Director Hardie reported the City was awarded a \$651,000 grant for Main Street improvements. She informed the Council that staff from SERA had spent three days in Sisters interviewing business and property owners as well as staff to collect information for consideration with regard to the design for the Cascade Avenue improvement project. She reported the next step in the process will be for SERA to incorporate its ideas into a schematic design.

F. Mac Hay – Economic Development Manager

Sisters Economic Development Manager Mac Hay reported he was receiving lots of calls related to economic development from a variety of individuals and businesses. He stated he was currently working with 14 viable businesses looking to expand or move their businesses to Sisters. He stated in total \$8 million in financial support was needed and he was continuing to work with local banks to help secure financing for these businesses. He reported he'd had lunch with Clark Jackson from the Oregon Economic Community Development Department (OECDD) and it appeared OECDD was poised to offer assistance to two of the expanding businesses.

Councilor Weed asked for an update on the creation of an Economic Advisory Committee and **Mr. Hay** reported he was working to clarify a charter and expected to bring back information to the Council in January. He stated he would also be looking to the Council for help in identifying individuals to serve on the committee.

Councilor Weed questioned who he had discussed marketing Sisters via online means and DVD's with. **Mr. Hay** replied he had discussed the proposal with two Sisters residents who were knowledgeable in that marketing area and would be bringing additional information and budget needs back to the Council for consideration.

VI. COUNCIL BUSINESS

A. Discussion and Consideration of Resolution No. 2010-23: A RESOLUTION ADOPTING THE 2010 CITY PERSONNEL HANDBOOK - L. Young

Councilor Merrill moved to approve Resolution No. 2010-23 to adopt the 2010 City Personnel Handbook with an amendment to Section 4.2.4 Off Duty Conduct. **Councilor Bogart** seconded the motion.

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Councilor Weed stated there were a number of items she did not agree with on the updated personnel handbook and therefore would be voting against its adoption.

The motion carried with a vote of three to one. Mayor Kellstrom, Councilor Merrill and Councilor Bogart voted in support of Resolution No. 2010-23. Councilor Weed voted against the resolution.

**B. Public Discussion and Consideration of Resolution No. 2010-24: A
RESOLUTION TO AMEND THE MASTER FEE SCHEDULE BY
MODIFYING THE WATER UTILITY FEES - L. Young**

Mayor Kellstrom asked if there was anyone wishing to comment on the matter.

Ed Protas, 544 S. Oak Street, Sisters, OR 97759

Mr. Protas remarked that hopefully the Council had taken the opportunity to read the document he had emailed urging the Council to vote no or postpone making a decision on the water rates. He stated he felt the data he had reviewed was inconsistent with the information being presented to the public. He stated his concerns were the increased costs that would fall mostly to residential customer, of whom 51% are low-income households. He noted that in the course of five years, if the increases the City is recommending occur, rates will increase from 46% to 71% for consumers. He stated he based his findings on his calculations from information in City documents. He cautioned the impacts should be looked at more carefully.

Mike Morgan, 15925 Pilot Drive, Sisters, OR 97759

Mr. Morgan commented that he'd had a productive meeting with Manager Stein and City staff earlier in the day but it was clear to him there had not been effective outreach to the community on the potential impacts the revised rate structure could have on community members. He stated he thought many constituents were completely unaware of the potential for any changes prior to the article in the Nugget Newspaper the previous day. He stated he was also concerned on the impacts to low-income users and large businesses, noted that unless a consumer monitored its use monthly it would be easy to use up any savings, especially in summer months when irrigating. He stated he felt it would be prudent to wait on a decision until such a time there had been additional research and analysis of the data and additional community education.

Jackie Shepardson, 155 N. Cowboy Street, Sisters, OR 97759

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Ms. Shepardson stated she had spoken with several people about the water rate issue earlier in the day and most were completely unaware there was a possibility of a rate change. She commented that although the Council and staff had been involved in several workshops on the topic, the average citizen was not informed. She urged the Council to take the time to talk with its constituents and consider the issue of inequity in the rates also. She voiced concern for families that have high water use that might be facing larger bills.

Chris Converse, 425 E. Washington, Sisters, OR 97759

Ms. Converse stated she was in favor of the water rate increase as a fair and reasonable approach to the issue. She noted she had confidence in the staff and their reports and that she had been aware of the discussion of a possible rate change for several weeks. She stated she felt the community needs to work on water conservation efforts which the water rate restructuring would also address. She stated she appreciated the concerns raised about low-income water users and that perhaps that could be addressed in a different way with another resource.

As there was no one else that wanted to speak, **Mayor Kellstrom** closed the public comment period.

***Councilor Merrill** moved to amend the master fee schedule by modifying the water utility fees. **Councilor Bogart** seconded the motion.*

Councilor Merrill stated this was a first step to keep the Water Fund solid. He stated he had done extensive research on the matter and he was convinced the City needs to change its water rate structure. He stated the four goals of the rate structure should be to promote equity, water conservation, be defensible and to cover costs. He recommended converting the information into gallons versus cubic feet as it would be an easier concept for the average person to understand. He supported payment of a base rate that covers the costs associated with providing water and then adding payment for the actual amount of water used by each user. He suggested staff research to determine an appropriate base rate and consumption rate, taking into consideration fund stability, contingencies for emergencies and the issue of equity.

Councilor Bogart stated he wanted to address the issue of practical intelligence. He stated he also wanted to address the perceived conflict with the issue as a partner in the Three Creeks Brewing Company. **City Attorney Bryant** stated there was no conflict of interest as councilor Bogart was similarly situated as other business owners. **Councilor Bogart** stated that in FY 09/10 the General Fund received \$138,000 in revenue it did not expect and spent \$92,000 less than anticipated. He stated \$25,000 was lost in the investment fund leaving a net of \$205,000 of additional cash in the General Fund. He stated the Street Fund

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also fared well in FY 09/10 and he expected it would continue to do so with the infusion of the local gas tax and state gas tax funds. He stated in total the City had \$192,000 more than what was budgeted. He stated the trend of not spending all that is budgeted was the norm for the City and as such there was no need to raise water rates in some of the worst economic times the Country has ever seen. He recommended instead that the City approve an interfund loan. He noted that our schools will be especially hard hit if the water rate structure is approved and the recommendation only addresses the immediate needs. He agreed there was an issue with equity that needs to be addressed as the Water Fund should be self sustaining as an enterprise fund. He stated the timing of a rate increase was poor and it was the wrong time to address the matter. He voiced concern that although the City should promote water conservation, it could lead to increased rates when there is less revenue than expected.

Councilor Weed asked if an interfund loan was allowed and **Manager Stein** confirmed it was but it would incur additional debt payment for the Water Fund. **Councilor Weed** stated what was being proposed might be the best first step but she was not certain. She stated she agreed with Councilor Merrill's assessment of what the goals should be. She stated she could not defend the proposal as there had not been adequate community outreach and there were discrepancies in interpreting the data. She stated that although the fund is operating in a deficit and some action does need to be taken, additional time is needed to study the matter, consider other options and provide time for community outreach as there was too much confusion surrounding the matter. She stated she felt an interfund loan would be shortsighted and only further corrode the Water Fund. **Councilor Bogart** countered that any interest paid on the loan would go back to the City.

The resolution had a vote of two to two and therefore did not carry. Mayor Kellstrom and Councilor Merrill voted in support of Resolution 2010-24. Councilor Weed and Councilor Bogart voted against the resolution.

Manager Stein stated additional direction from the Council was needed in order for staff to move forward with the water rate structure. She asked if the Council still wanted to consider Option #3 and provide community outreach and additional education or whether they wanted to consider a different rate model. She the water rate consultant would likely need to come back to answer their questions and provide education for the new Council members that would be seated in January.

Mayor Kellstrom suggested the Council still work with Option #3 stating it was an acceptable first step and the Council had a fiscal responsibility to address the issue. **Councilor Merrill** agreed with waiting for the new Council members to be seated stating it was apparent there was a need to better explain the elements contained within the option.

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He stated the City needs to be able to explain the reasoning behind the option to anyone so they can understand, which he admitted would not be an easy task.

Councilor Weed stated the City needs to inform the public what the future increases will be and what assumptions those increase will be based on. She suggested looking to see if a more equitable approach to usage could be determined and to look at the results of the proposal and determine why Mr. Protas came to different conclusions on how consumers would be impacted. She stated she also wanted to better understand the necessity for water conservation as it was not clear to her it was necessary. She stated she feared the result could be brown lawns.

Manager Stein stated consultant Deb Galardi would need to come back to address the questions raised by the Council and she would work to identify a date for a workshop when Ms. Galardi was available.

C. Discussion and Consideration of a Motion to Amend an Intergovernmental Agreement (IGA) with the Oregon Department of Transportation (ODOT) for a Quick Response Program for the United States Forest Service (USFS) Property and Authorize the City Manager to Execute the Agreement – *P. Hardie*

Councilor Merrill moved to amend an IGA with ODOT for a Quick Response Program for the USFS property and authorize the City Manager to execute the agreement. **Councilor Weed** seconded the motion. *The motion carried unanimously.*

VII. OTHER BUSINESS

There was no other business.

VIII. MAYOR/COUNCILOR BUSINESS

Mayor Kellstrom reported he attended the Central Oregon Area Commission on Transportation (COACT) meeting. He stated there was a presentation on round-a-bouts, a transportation means which is currently a preferred method to move traffic for ODOT. He also reported that improvements for Cascade Avenue have been added to the State Transportation Improvement Plan (STIP).

IX. ADJOURN – 8:16 p.m.

Respectfully submitted,

Kathy Nelson, City Recorder

Lon Kellstrom, Mayor