

MEETING MINUTES  
CITY OF SISTERS BUDGET COMMITTEE  
520 E. CASCADE AVENUE.  
MAY 18, 2016

**COUNCIL MEMBERS PRESENT:**

Chris Frye Mayor  
Nancy Connolly Councilor  
David Asson Councilor  
Amy Burgstahler Councilor  
Andrea Blum Councilor

**STAFF PRESENT:**

Joe O'Neill Finance Officer  
Paul Bertagna Public Works Director  
Patrick Davenport Comm. Dev. Director  
Kathy Nelson City Recorder

**COMMITTEE MEMBERS:**

Chuck Ryan Chair  
Kathryn Lindbloom Committee Member  
Vern Renner Committee Member  
Bill Hall Committee Member

**GUESTS:**

Scot Langton Deschutes County Assessor

**ABSENT:**

Vacant Position Committee Member

**I. CALL TO ORDER**

Mayor Frye called the meeting to order at 5:30 p.m. and introductions were made.

**II. ELECTION OF BUDGET COMMITTEE CHAIR**

*Committee Member Lindbloom nominated Chuck Ryan to serve as Budget Committee Chair. Councilor Connolly seconded the motion. The motion carried unanimously.*

**III. BUDGET MESSAGE**

**Finance Officer O'Neill** stated it was a strategic and responsible budget. He touched on a few highlights for the year which included a refinance of the City's debt resulting in \$700,000 of savings over the next 30 years, the Hood Avenue lighting and irrigation project, enhancements to Village Green Park, improvements at Creekside Overnight Park and completion of the updated Parks Master Plan. He noted the Council had identified the goal of assisting in the development and construction of affordable housing as a focus for the upcoming year.

**IV. PROPERTY TAX OVERVIEW**

- **Deschutes County Assessor Scot Langton** reported in forecasting values, it appeared the market and assessed value of homes was growing.
- A portion of the increased revenue will go to the Urban Renewal Agency.
- Anticipated growth in Sisters is approximately the same as Redmond and Bend and represents the top 10% of cities in growth in the nation.
- Property tax is a best estimate only since it is based on the value of a home in January and not due until November of the same year.

V. PUBLIC COMMENT - None

VI. PRESENTATIONS

Prior to reviewing each of the different funds, **Finance Officer O'Neill** provided a summary of all the City's reserves. He explained the operating contingency for the General, Water, Street and Sewer Funds represented two months of expenses for each fund. He stated the Reserve for Future Expenditures represented revenue over expenses in the Water, Street and Sewer Fund and for the General Fund it was called the Strategic Reserve. He explained the reserves held in these funds could only be used for the intended enterprise fund. **Chair Ryan** noted the amount in the Reserve for Future Expenditures was relatively high but the General Fund Strategic Reserve was rather low. He asked what other cities normally held in their strategic reserves and **Finance Officer O'Neill** replied other cities held anywhere from three to five months of annual expenditures in their Strategic Reserve. **Chair Ryan** questioned if there was any way to get some of the funds currently going into the Reserves for Future Expenditures into the Strategic Reserves. **Director Bertagna** explained staff had audited all equipment and projected the life expectancy and determined what would be needed in the future for replacement of the equipment. He stated that insured there would be adequate funds available when the time came for equipment to be replaced. He stated the only way to grow the Strategic Reserves was for expenses to be less than revenue or issue more debt.

**Finance Officer O'Neill** reported there was \$150,000 budgeted in the Forgivable Loan line item to be used for a potential loan. **Director Bertagna** reported the City might also need to come up with a match for the Overnight Campground restrooms and Village Green play equipment projects if the City was awarded the grants for which it had applied. He stated those funds were not included in the budget but there were options for using Park funds or System Development Charge (SDC) funds for those projects also.

**Mayor Frye** stated there should also be a line item for revenue for affordable housing and **Finance Officer O'Neill** replied one had been created. **Chair Ryan** asked why urban renewal funds had not been used to pay for the Hood Avenue project. **Director Bertagna** replied it had been the Council's decision to not start any new projects using urban renewal funds in order to ensure the debt would be retired by the time the district expired.

A. *Personnel Services*

- A new ¾ time Utility Technician position is included.
- There are two grade changes; the Associate Planner employee will move to a Senior Planner position and the creation of the Maintenance Lead position.
- A 3% merit increase is included and is tied to performance.
- A 1.7% cost of living increase is included.
- Healthcare premiums are budgeted with an estimated 2.5% increase from the previous year with employees still paying 10% of the premium.

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- The Public Employee Retirement System (PERS) employer contribution rate will remain at 11.25% for Tier 1 and Tier 2 employees and 6.95% for OPSRP employees. Rates are expected to increase 6% for all employees and the City will continue to pick up that cost.
- Worker's Compensation insurance rates will increase 7%
- Property and Liability insurance rates will increase 9%.
- Auto insurance rates will not change.

*B. General Fund*

- Park User Fee revenue will be impacted as seven camping spots are being removed from the overnight park.
- Fees for hook-up sites at the overnight park will increase by \$5.00 per night.
- Funds to recruit for the permanent City Manager and City Recorder positions have been budgeted.
- Funds have been budgeted in Contracted Services for minutes transcription services.
- The budget for Public Outreach has been reduced from the original budgeted amount of \$26,000 to \$16,000.

*C. Street Fund*

- Unanticipated revenue of just over \$10,000 was received from AT&T for a conduit line.
- The fund will have Capital Outlay for paint spraying equipment and a new snow plow blade.

*D. Street SDC Fund*

- Funds have been budgeted in Contracted Services in the amount of \$120,000 for the Transportation System Plan (TSP) Update.

*E. Water Fund*

- The Water Fund remains stable.
- 7% of water receipts will be paid to the street fund as right of way franchise fees.
- Funds will continue to be budgeted to replace meter transceiver units (MXU's), the radio signal device that permits off-site meter reading, as the fleet continues to age and subsequently fail. New MXU's have a 20 year battery.

*F. Water SDC Fund*

- \$25,000 will be budgeted to upsize water lines as needed if the opportunity presents itself.
- The Barclay Square right of way water project will be completed.

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*G. Sewer Fund*

- Dump fees at the overnight park were discussed. Fees will be increased to \$10 per dump beginning January 1, 2017.
- The \$1,000 a month ground lease with High Country Disposal for storage space at the Public Works Headquarters property will expire in June 2018.
- Funds will continue to be budgeted each year for sewer system repairs due to the aging system and increasing likelihood of needed repairs.

*H. Sewer SDC Fund*

- The Budget Committee requested the budget for Sewer System Development Charge (SDC) revenue be increased an additional \$10,000 to a total of \$190,000.

**VII. OTHER BUSINESS**

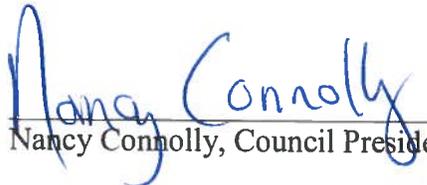
A. Preview May 19, 2016 Agenda

**Chair Ryan** stated the Budget Committee would finish up the review of funds at the May 19<sup>th</sup> meeting.

**VIII. RECESS**

**Chair Ryan** called a recess at 8:26 p.m. and continued the meeting until May 19, 2016, at 5:30 p.m.

  
Kathy Nelson, City Recorder

  
Nancy Connolly, Council President