

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
SEPTEMBER 08, 2016

**MEMBERS PRESENT:**

Nancy Connolly      Council President  
David Asson          Council  
Amy Burgstahler    Councilor  
Andrea Blum          Councilor

**STAFF PRESENT:**

Rick Allen            City Manager  
Alan Dale            City Attorney  
Paul Bertagna        PW Director  
Patrick Davenport   CDD Director  
Kathy Nelson         City Recorder

**ABSENT:**

Joe O'Neill            Finance Office

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

The meeting was called to order by Council President Connolly at 7:03 p.m.

**II. VISITOR COMMUNICATION**

**Chuck Ryan, Sisters, OR 97759**

**Mr. Ryan** stated while he felt everyone would agree there was a need for affordable housing, he was concerned with the amount of the proposed funding assistance to Housing Works. He asked what the \$300,000 figure was based on and how it had been determined it should be the City's share of the cost. He stated he felt the Council should have firmer numbers and statistics prior to the making a decision of this magnitude.

**Tom Kemper, Housing Works Executive Director**

**Mr. Kemper** asserted Sisters was in desperate need of affordable housing. He reported at present there were only 33 affordable units in Sisters and it was difficult to find a rental unit at any income level. He stated Housing Works had talked about the possibility of doing a project in Sisters that would provide units based on rents of 30% of area medium income. He reported it was timely to move forward now due to the Local Innovation and Fast Track (LIFT) housing program recently offered by the State that would be providing a \$40,000 million pool of funds with \$20 million slated to provide funding for affordable housing in small communities. He noted while the program would provide up to \$38,000 per unit, the costs to build the units of affordable housing remained the same as units where full rentals could be charged. He stated this created the need for gap funding. He stated the \$300,000 Housing Works was requesting from the City was to fill the gap funding needed to build a minimum of 30 affordable units in Sisters.

**Lon Kellstrom, Sisters, OR 97759**

**Mr. Kellstrom** stated he had two issues to bring to the Council's attention and the first was the proposed \$300,000 funding support to Housing Works for affordable housing. He stated he was adamantly opposed to the idea and felt most citizens were also. He stated the City was not a large enough entity to take this kind of hit. He stated with the short time-line presented to the Council, he felt the project had not been well-planned and organized. He stated the City was being pressured to make a decision quickly without adequate time to

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
SEPTEMBER 08, 2016

get public input. He stated the money to fund the project would kill the forgivable loan program which would bring high paying jobs to the area. He questioned where the money for the system development charges (SDC's) the City was planning on waiving were coming from and how they would be paid back.

**Mr. Kellstrom** specified projects of this nature always took longer and cost more than anticipated and predicted Housing Works would be back for more. He stated the Council shouldn't even consider the request without a public hearing or opportunity for citizens to provide input. He stated it was a financial time bomb for Sisters.

**Mr. Kellstrom** stated the second issue he wanted to address was that it appeared the Council was disinclined to name a Mayor since the resignation of Mayor Frye. He stated the City Charter required there be a Mayor and the Council couldn't wait to make the appointment. He stated it might not be spelled out in the Charter but it was certainly the intent. He stated a Mayor needed to be named as it left the City adrift and rudderless. He requested the Council reconsider its decision for the benefit of the citizens and not wait any longer.

**City Manager Allen** agreed the Charter was silent on the matter of a timeframe by which a new Mayor needed to be named but the Council had discussed it and made the decision to wait. **Attorney Dale** advised there was no specified timeline listed in the Charter where as other sections did list specific timeframes for actions to occur. He stated the Council had the discretion to decide when the appointment would be made. **Council President Connolly** asked the Council if it wanted to reconsider its decision and **Councilor Blum** replied she felt it was appropriate to wait until after the November election to allow the full Council to make the decision. **Councilor Burgstahler** agreed. **City Manager Allen** noted since there were only three candidates running for three open position it was more or less a foregone conclusion that all would be elected and if the Council wanted to, it could make an appointment sooner as opposed to waiting.

**Mr. Kellstrom** stated the Council was missing the point. He stated the mayor had duties to perform per the City Charter and **City Manager Allen** replied the Council President was currently performing all duties of the Mayor per the Charter. **Councilor Blum** asked Mr. Kellstrom what duties he felt were not being performed. **Mr. Kellstrom** stated some examples were meeting with the City Manager on a weekly basis, setting the agenda and attending meetings with other agencies. He stated he felt the City had unfortunately been adrift for the previous 18 months since the previous Mayor had not spent the time necessary to perform these duties either.

**City Manager Allen** asked if the Council wanted to move forward with an appointment to fill out the Council prior to the election. **Councilor Asson** stated he felt the Council should appoint a Mayor with the experience and ability needed to perform the job and also agreed

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
SEPTEMBER 08, 2016

to bringing another Council member on early. **Council President Connolly** assured Mr. Kellstrom the City was not operating in a vacuum as she had been meeting with City Manager Allen at least once a week and was in City Hall almost daily. She noted she was available any day after 3:30 to meet with constituents and it was up to each Council member to determine if they wanted to be engaged and involved in outside boards and agencies.

The **Council** requested staff set up interviews with the two candidates running for City Council, currently not serving, to see if either would be interested or available to be appointed to the Council prior to the election. **City Manager Allen** noted when the Council was fully seated with five members it could elect a Mayor that would serve until the first meeting in January when the new Mayor would be elected by the Council.

### III. CONSENT AGENDA

#### A. Minutes

1. April 23, 2015 – Workshop
2. May 18, 2016 – Budget Committee
3. May 19, 2016 – Budget Committee
4. August 25, 2016 – Workshop
5. August 25, 2016 – Regular Meeting

#### B. Bills to Approve

1. September Accounts Payable

***Councilor Blum** moved to approve the consent agenda with the addition of the extra page of accounts payable. **Councilor Burgstahler** seconded the motion. The motion carried unanimously.*

### IV. STAFF REPORTS

#### A. September Staff/Council Work Plan

- The Planning Commission will conduct a public hearing on the possible revocation of a vacation rental permit due to a number of complaints the City has received from neighboring properties.

#### B. New Business License Report for August 2016 – list included

### V. COUNCIL BUSINESS

#### A. **Discussion and Consideration of a Motion** of Resolution No. 2016-23: A RESOLUTION OF THE CITY OF SISTERS AUTHORIZING THE CREATION OF THE HOOD AVENUE ARTS DISTRICT LOCATED IN DOWNTOWN SISTERS

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
SEPTEMBER 08, 2016

**City Manager Allen** disclosed the resolution had been edited by Councilor Burgstahler per the Council's desire to have it be more inclusive of all the arts regardless of location in the city. He reported the edited version had been sent to members of the arts district and the changes had been endorsed by them also.

***Councilor Burgstahler** moved to approve Resolution No. 2016-23 authorizing the creation of the Hood Avenue Arts District located in downtown Sisters. **Councilor Blum** seconded the motion. The motion carried unanimously.*

**Councilor Asson** encouraged the Hood Avenue Art District members to be inclusive of all artists regardless of their location in town.

**B. Discussion and Consideration of a Motion to Approve \$300,000 in Funding Support to the Housing Works Affordable Housing Project**

**Council President Connolly** stated the Council would continue its discussion on the possible funding of the Housing Works project that had begun during the workshop prior to the regular meeting.

**Councilor Asson** announced he did not see how the Council could possibly consider voting to support the expenditure without public input. He stated he felt it would strap the City and take away its flexibility to fund other projects that could be more important. He stated the Council was considering affordable housing versus workforce housing, which he felt would be more apt to bring people that would contribute more towards making the city a better place. **Council President Connolly** asked if he was against the amount, the project or the funding sources. **Councilor Asson** replied he wasn't against the project being built, just not with City funds. He stated the amount he would be willing to authorize towards the project was so nominal, the project would be unable to move forward. He added he had spoken with six people and all of them had come down hard as not being supportive of using public funds for the project.

**Councilor Burgstahler** stated she felt town homes and apartments were a great way to go. She stated she would prefer to spread out the cost for several years but realized this Council could not encumber future Council's to commit to their decisions. She remarked she was concerned with taking too much from the forgivable loan program to a point where it was not as effective as it could be. She stated she would like to have additional time to discuss the funding sources and amounts.

**Councilor Blum** reported that every group meeting she had attended and every business owner she had spoken with since joining the Council had mentioned a lack of affordable housing in Sisters and noted the Council had felt it was an important enough issue to set aside funds in the budget. She stated after insuring there was sufficient and adequately

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
SEPTEMBER 08, 2016

maintained infrastructure, looking at housing and housing alternatives was the next logical step. She stated there were very few options for people who could not afford to pay \$350,000 for a home. She stated if the Council wanted to have an impact on the issue of affordable housing, this was an appropriate way to do so. She noted that once built, there would not be a need to build any additional affordable units for a number of years. She stated with regard to the recommended funding options, obviously the City had some funds set aside specifically for affordable housing. She stated using the additional transient room tax collected was also a good use of those funds. She stated did take issue with waiving SDC's since it could impact future infrastructure needs. She noted she hadn't seen any viable proposals or benefit to the City from its forgivable loan program so far. She stated she was fine with using funds from the *Public Outreach* budget and it was appropriate to use *Reserve* funds. She stated perhaps \$300,000 was too much but it was an obvious choice for the Council to make because of the numerous conversations they've had on the subject. She acknowledged the Council had the advantage of being up to date with information the public might not be aware of yet. She stated she would welcome an opportunity to hold a public meeting in the next few weeks to let the public know about the project as she felt it would be embraced by the public and receive support.

**Council President Connolly** noted that at the workshop prior to the meeting, Commissioner Unger had stated the number one priority for the County and Sisters was affordable housing and building these units would meet a community need. She stated Commissioner Unger had also stated most businesses in Deschutes County were four to five person operations and wondered whether there would likely be any business that would want to tap into forgivable loan funds prior to next fiscal year. She stated there had only been two applications for the fund and neither had come to fruition. She stated the City didn't even know if Housing Works would receive the LIFT funds but it would not even be worthwhile for Housing Works to apply if it hadn't identified how its gap funding needs would be covered.

**Councilor Asson** stated Commissioner Unger had used the term affordable housing in his opening sentence but thereafter had only used the term workforce housing. He stated the employees that were moving out of Sisters to other locations were not the people that would even qualify for these units because they made too much money. He stated supporting this project would be hamstringing the City for a number of years. He stated the city needed a stronger employer base to allow the city to thrive. He stated having a strong tourism economy was great, but it couldn't help the city survive. He stated the City should not be in this type of business.

**City Manager Allen** reminded the Council the City did have sufficient funds without going into debt to support the project and the discussion was really about Council priorities. **Council President Connolly** added the City would still have the tool of the forgivable loan

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
SEPTEMBER 08, 2016

program available since \$85,000 would still be budgeted even if the Council accepted staff's funding recommendation.

**City Manager Allen** interjected that many cities allow citizens to comment on subjects, even if there was not a public hearing, when the Council was discussing the item as opposed to only during the visitor communication portion of the meeting. He stated he felt the City should consider allowing the practice as it made citizens feel more engaged in the process. The **Council** agreed and **City Manager Allen** stated he would consult with other cities on how they handled non-public hearing items on their agenda.

**Mr. Ryan** reminded the Council the Budget Committee had spent a great deal of time discussing the need to support the forgivable loan program and it appeared they were now reversing that decision and moving towards supporting affordable housing. He cautioned it was too big a decision to make in such a short period of time. **City Manager Allen** remarked the City had not even been aware the LIFT program existed during the budget process and had no idea the opportunity would come along. He stated there were times when Council's needed to be nimble and make difficult decisions. **Mr. Ryan** stated the City had identified goals and a strategy and he was concerned the Council was rushing the process.

**Mr. Kemper** stated he would like to address the time issues concern and the seemingly rush for the Council to make a decision. He explained there was over a million dollars on the table that Housing Works might be able to tap into and there was a rush to get the application sent in prior to the end of the application period in October. He stated it was a priority issue for Housing Works and in order to qualify for the program, it was necessary to show the organization had its other financing needs covered. He felt Housing Works chances of receiving the LIFT funds were very strong. He added if the City were unable to provide the full \$300,000, Housing Works would be unable to build the project.

**Councilor Asson** advised making this commitment would put a new permanent City Manager at a disadvantage. **Councilor Burgstahler** stated she would like to look at the sources of funding more carefully. **City Manager Allen** stated staff could come back with the final allocations for the project as the City did need to determine how it was specifically going to fund the project. **Councilor Blum** stated she felt it would be a good idea to schedule a community meeting, have Mr. Kemper come and let the citizens know what was being planned. **Mr. Kemper** agreed to attend a meeting of this nature. He indicated Housing Works would know by December if they had been awarded the LIFT grant funds and would receive the funds in January if successful.

***Councilor Blum** moved to approve \$300,000 in funding support to the Housing Works Affordable Housing Project and hold a community open house on the project in October. **Councilor Burgstahler** seconded the motion. The motion carried with a vote of three to*

*One. Councilor Burgstahler, Councilor Blum and Council President Connolly voted in favor of the motion. Councilor Asson voted against the motion.*

**Council President Connolly** suggested the Council members email their ideas on other funding sources that could be tapped within the next week to City Manager Allen to allow staff to finalize the allocations.

**C. Discussion and Consideration of a Motion to Accept the Oregon Department of Transportation (ODOT) Speed Zone Study Recommendations**

Since the recommended speed changes had been discussed in the workshop, the **Council** stated they were ready to vote on the matter.

*Councilor Blum moved to accept the ODOT speed zone study recommendation with a modification to the N. Pine Street recommendation #7985 to extend the 25mph speed zone to Lundgren Mill Drive. Councilor Burgstahler seconded the motion. The motion carried unanimously.*

**VI. CONTRACT REVIEW BOARD**

Council President Connolly opened the Contract Review Board.

**A. Discussion and Consideration of a Motion to Approve a Contract with Bryant Lovlien and Jarvis for City Attorney Services and Authorize the City Manager to Sign the Contract**

*Councilor Burgstahler moved to approve a contract with Bryant Lovlien & Jarvis for City Attorney services and authorize the City Manager to sign the contract. Councilor Blum seconded the motion. The motion carried unanimously.*

Council President Connolly closed the Contract Review Board

**VII. OTHER BUSINESS - None**

**VIII. MAYOR/COUNCILOR BUSINESS**

- **Councilor Blum** requested an additional workshop or meeting be added to the November and December agenda calendar since only one regular meeting was scheduled for both months due to holiday closures. She stated it was important to make certain the Council was fully prepared to begin the year. The **Council** concurred.
- **City Manager Allen** noted the City was still in the foundation building stage as it would have new Council members, Mayor, City Manager, City Recorder, law firm and planning staff. He stated it would be important to get systems in place for the

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
SEPTEMBER 08, 2016

City to run smoothly. He stated various training sessions would be held at the beginning of the year.

- **Councilor Burgstahler** asked whether the City had a role to play in the airport issues that had arisen. **City Manager Allen** replied he had received several emails from county residents wanting the City to weigh-in to situations that “may” occur. He stated the City had no information at his point and could not respond on “what-ifs”. He reported the application for the temporary use permit related to the skydiving operation had been withdrawn. **Nugget Reporter Sue Stafford** reported the County Commissioners were meeting on September 19<sup>th</sup> to discuss the issues surrounding airport operations. She stated County Commissioner Alan Unger, when interviewed, had indicated the Commissioners were still unaware of the specifics of the issues and looking for staff reports to clarify the situation. **City Manager Allen** summarized the City would get involved when it was appropriate.
- The City Parks Advisory Board (CPAB) has recommended the performing stage at Fir Street Park be named Songbird Stage.
- A master fee resolution to increase fees for camping sites, to be effective for the 2017 camping season, will be coming before the Council.
- BreAnne McConkie, the City’s recently hired Senior Planner will begin on September 19<sup>th</sup>.

**IX. ADJOURN –p.m.**

  
Kathy Nelson, City Recorder

  
Nancy Connolly, Council President