

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
DECEMBER 03, 2015

MEMBERS PRESENT:

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

STAFF PRESENT:

Andrew Gorayeb City Manager
Lynne Fujita-Conrads Finance Director
Paul Bertagna PW Director
Kathy Nelson City Recorder

ABSENT:

Chris Frye Mayor

ABSENT:

Patrick Davenport CDD Director

GUESTS:

Steve Reinke 911 Service District Director

The meeting was called to order by Council President Connolly at 8:00 a.m.

1. 911 Permanent Funding Levy Rate Measure

911 Service District Director Steve Reinke explained he was in attendance to inform the Council about the measure for a new permanent levy rate for the 911 Service District that would appear on the May 17, 2016 ballot. He gave a PowerPoint presentation outlining the necessary steps, how the district would partner with the state on a new district wide radio system to improve coverage, reliability and reduce cost, and the proposed levy amount. He reported the district had sufficient funds in a reserve account to pay for the radio project and would be using funds from the levy for maintenance and operation of the system. He stated the proposed permanent levy rate was \$.4250 but noted the district would not necessarily charge the full amount and would only be charged at an amount required to maintain the District's ending fund balance for its cash flow needs. He reported the district would use reserve funds to buy down the rate to \$.36 until a previous levy expires in two years.

Mr. Reinke reported he was asking the Council to approve a resolution to be included in a new countywide 911 Service District and withdraw from the current service district upon voter approval of the measure. He stated the resolution had been approved by all members of the new service district and would be going to the Deschutes County commissions for final approval on Monday.

Council President Connolly called for a recess at 8:08 a.m. in order to have a special meeting to vote on the resolution. **Council President Connolly** reconvened the workshop at 8:10 a.m.

2. Review Public Event Fees

Finance Director Fujita-Conrads stated the Council had been discussing fees for public events for some time and there had been discussion on recouping the City's cost. She stated Attachment A of the staff report included fees charged by other cities that hold public events, noting the fees varied greatly. She reviewed the proposed three fee options:

Option #1: An application fee to cover City staff time, a park fee to cover maintenance costs and a vendor fee to cover impact of customers on City infrastructure.

Option #2: An application fee for City staff time and park fee for maintenance costs. Park maintenance costs were estimated using the FY 15/16 Parks budget.

Option #3: Minimal Change to the current fee structure.

Councilor Asson voiced concerns that the while costs for non-profits went down, the costs for other events increased significantly. He stated if he was reading the spreadsheet correctly, one vendor, who was not a non-profit, would be paying more for holding six events then the entire yearly labor costs of the City. **Councilor Burgstahler** stated she was also concerned with the disproportionate cost to those groups that were not non-profits. **Council President Connolly** stated the City was purposely giving a discounted rate to non-profits and charging market rate to others.

Manager Gorayeb stated the cost structure was complicated. He stated there were direct labor costs but there were also park maintenance costs, estimated to be approximately \$300 per day. **Finance Director Fujita-Conrads** explained the application fee was to cover labor costs and the park fee was to cover park maintenance. She stated non-profits were deliberately supplemented, a decision which had been made by the Council and so, in those cases, the City was not going to recoup its actual costs. She explained the vendor fee was an impact fee as the more people drawn to an event, the more hard costs to the City for impacts to infrastructure.

Councilor Asson stated comparing the proposed fees would provide an additional \$13,000 to the City. He asked why the additional funds were necessary and what they would be used for. **Councilor Blum** replied she felt the whole reason to evaluate the fee structure was that the former fee structure wasn't appropriate and didn't cover costs so the two amounts shouldn't be compared.

Manager Gorayeb stated the additional funds would cover true labor costs and also defray maintenance cost to the parks. **Councilor Connolly** cited the example of an event last year that left significant lawn damage at Creekside Park. She stated she felt it was appropriate to recoup those type of fees.

Councilor Burgstahler stated one event caught her attention and that was a benefit event. She stated under the new rate structure it would cost an additional \$170 and she was concerned that a benefit event that spoke to the compassion of people would be impacted. She stated it would be an additional roadblock. **Manager Gorayeb** stated he was looking at the fee structure from the point of view that big events put on by non-profits would be costing even less. He questioned whether there should be a fee for city-wide events. He noted the city-wide events were of great benefit to the community.

Councilor Burgstahler asked if the application process for city-wide events was more complicated than for smaller events and **Finance Director Fujita-Conrads** replied it was. She stated there was additional paper work and Public Works staff time needed.

Councilor Blum stated while the City did not have to allow transient merchants or events and it shouldn't be expecting taxpayers to be gouged for the expenses incurred for these events, the City did want to nourish these events, especially the non-profits as they contributed to the economic vitality, livability and identity of the community. She stated as soon as she sees the City has recovered most of their costs, she was satisfied. She stated the City just needed to come up with a fee that covered most of the costs and was equitable. **Council President Connolly** asked if she felt the additional vendor fee addressed that issue and **Councilor Blum** replied she did. **Council President Connolly** stated she did too. **Councilor Asson** stated he did not think it was equitable. He stated the Council was making some big decisions to tax some and not others and to tax some businesses even more.

Council President Connolly asked if the Council still felt there should be a lower fee for non-profits as had decided previously. **Councilor Burgstahler** asked what the reasoning behind the decision had been since she had not been on the Council at the time the decision was made. **Councilor Connolly** replied they were the image of the community and were a big tourist draw which in turn brought economic benefit to the entire community. **Councilor Asson** stated the same could be said about events put on by for-profit groups and **Council President Connolly** countered that wasn't the issue or being refuted but rather if the Council was still supportive of charging a lower fee for non-profits. **Councilor Asson** stated he was a big supporter of non-profits but the new proposal would significantly lower a non-profits costs at the expense of other event holders. **Finance Director Fujita-Conrads** clarified a vendor fee would impact non-profits also.

Council President Connolly stated in looking at the public event fee comparison from other cities, she did not feel the proposed fees were out of line or unreasonable. She stated another consideration was whether the Council wanted events happening in Sisters all the time. She stated the new rate structure might possibly discourage or eliminate some organizations from holding events in Sisters. **Councilor Asson** stated he was not comfortable using other cities as comparators and didn't feel that process worked. He stated, although he wasn't expecting it, he felt the City should be concerned with additional appeals or litigation. **Council President Connolly** replied that City Attorney Bryant has consistently informed the Council it had the right and authority to set whatever fees it wanted to. **Councilor Asson** replied he didn't like that advice and **Councilor Burgstahler** stated she was concerned with some of the drastic fee changes being proposed.

Councilor Blum asked if the City was recouping its costs at this time and **Manager Gorayeb** replied the City was not. **Director Bertagna** stated the City was had about \$3,000 in labor costs. **Manager Gorayeb** added that was just labor and didn't include other costs. **Councilor**

Burgstahler stated she was concerned the City would be recouping more than necessary. **Councilor Asson** stated he felt it was not a good formula.

Finance Director Fujita-Conrads stated Option #2 was closest to a quantifiable cost in that it contained actual estimated labor costs and the park fee was based on the actual budget for maintenance. **Manager Gorayeb** stated costs could be calculated and then charged on the actual time and materials expended by the City and **Council President Connolly** replied it would be too difficult for new events to know what their costs might be. **Councilor Blum** stated if that formula was used, it would not cover costs when non-profits were taken into consideration.

Folk Festival Director Ann Richardson stated she did see a huge disparity and voiced appreciation that the City was so supportive of non-profits. She reported the Folk Festival brought \$250,000 into arts and music education to Sisters and over one million dollars into the local community. She stated the Quilt Show brought in over two million dollars into the local economy. She stated she did not see for-profit events doing those sorts of things. She stated she was not asking that the cost to the Folk Festival drop from the current fee of \$900 down to \$140 and she was fine with what they were paying at present. She stated they do impact the parks. She stated charging more for the city-wide events effected each event differently. She noted while the Folk Festival sold tickets in order to recoup its costs, the Quilt Show was a free event. She stated she didn't think any of the city-wide events was asking to be charged less, but they would need to know if their costs were going up. **Councilor Asson** stated he agreed that non-profits provided a greater benefit to the city and asked if **Ms. Richardson** could assign a quantified percentage of benefit to non-profits when compared with for-profit organizations. **Ms. Richardson** replied that was impossible to answer but noted while private entities might not contribute to the community as much, any event that brought people to Sisters was a good thing. **Councilor Asson** stated he agreed that non-profits provided a greater benefit to the city but he did not think it could be quantified when compared to for-profit organizations.

Council President Connolly asked if it was possible to come up with a flat fee for non-profits. **Manager Gorayeb** replied the City could create a fee for an extra-large event, which could include city wide event. **Director Bertagna** stated it was also important for the Council to realize that the additional fees for cones, barricades and the like would still be charged to non-profits as they were now, so they were not getting a reduced rate, it just wasn't illustrated in the spreadsheet. He noted when added with the fees, the City was very close to covering its labor costs. **Finance Director Fujita-Conrads** explained the Council should be comparing the current total fees to the proposed total fees to get an accurate comparison. **Councilor Asson** stated he felt better as it wasn't as inequitable as he had initially thought.

Councilor Asson asked if there was a justification for the fees being charges to for-profit companies in Option #1. **Council President Connolly** reminded Councilor Asson the Council didn't have to justify the cost as it had the authority to charge whatever it chose. **Councilor Blum** stated if the City charged non-profits less because of the benefit they provide to the community

and any fees charged the City charged would reduce the amount the non-profit could put towards it cause, then should the City be charging for-profit organizations more to help offset that cost. She stated the other alternative was to have the total burden fall on tax payers. **Council President Connolly** stated the events put on by the non-profits make the City desirable and make the for-profit organizations want to come to the City. She stated she felt it was appropriate to charge them additional fees.

Council President Connolly left the meeting at 9:08.

Councilor Asson asked if charging a great deal more to a for-profit the City could lose those events altogether. He stated it had nothing to do with cost and it was eliminating enterprise. He stated it was a weak argument. **Councilor Blum** stated she saw no needs to make more in fees then necessary to cover the City's actual costs. **Councilor Burgstahler** stated she was still trying to come up with a fee schedule to make it more equitable.

The **Council** requested staff come up with some different perspectives on how the fees might be structured and be pulled from the December 10th regular meeting agenda until the Council had some additional time to discuss the issue.

3. Preview December 10, 2015 Workshop and Regular Meeting

City Recorder Nelson previewed the agenda. **Manager Gorayeb** reviewed the upcoming ordinance relating to the refinance of United States Department of Agriculture (USDA) loans, City Hall building debt and the Lazy Z financing debt. **Director Bertagna** informed the Council that all bids for the Hood Avenue Improvement Project had come in over the engineers estimate but the City still planned to work with Robinson and Owen, the apparent low bidder, to value engineer some portion of the work in order to bring the cost down. He reported the work would begin in January.

4. Other Business

Councilor Burgstahler reported the Citizens4Civility group had received a grant from the Ford Family Foundation and would be moving forward with having a spokesperson from the *Speak Your Peace* organization come to a town hall meeting in January.

Director Bertagna explained the City contracted to have all back-flow devices checked on a yearly basis, at a significant savings to citizens, and then passed that fee onto utility bills for those customers with backflow devices.

Manager Gorayeb reported there were in excess of 350 people at the yearly tree lighting ceremony the Friday night after Thanksgiving.

Manager Gorayeb reported Joe O'Neill had accepted the position of Finance Officer to replace retiring Finance Director Fujita- Conrads. He stated M. O'Neill would begin on December 28th.

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The City Manager's review was postponed until a January 28th Executive Session.

Director Bertagna reported he would be meeting with Creekside Overnight Park neighbors Lynn Baker and Steve Bryan to tour the park and determine appropriate RV site lengths.

The meeting was adjourned at 9:40 a.m.


Kathy Nelson, City Recorder


Chris Frye, Mayor