

MEETING MINUTES  
CITY OF SISTERS BUDGET COMMITTEE  
520 E. CASCADE AVENUE.  
MAY 26, 2015

**COUNCIL MEMBERS PRESENT:**

Chris Frye Mayor  
David Asson Councilor  
Nancy Connolly Councilor  
Bill Hall Councilor Appointee

**STAFF PRESENT:**

Andrew Gorayeb City Manager  
Lynn Fujita-Conrads Finance Officer  
Paul Bertagna Public Works Director  
Patrick Davenport Comm. Dev. Director  
Kathy Nelson City Recorder

**ABSENT:**

Wendy Holzman Councilor

**GUESTS:**

Scot Langton Deschutes County Assessor

**COMMITTEE MEMBERS:**

Chuck Ryan Chair  
Kathryn Lindbloom Committee Member  
Vern Renner Committee Member

**ABSENT:**

Chris Vogelsang Committee Member  
Sue Boettner Committee Member

**I. CALL TO ORDER**

Mayor Frye called the meeting to order at 6:06 p.m. and introductions were made.

**II. ELECTION OF BUDGET COMMITTEE CHAIR**

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

**III. BUDGET MESSAGE**

Manager Gorayeb recapped the highlights of his budget message.

- The unemployment rate in Deschutes County is down.
- There has been an increase in the number of business licenses issued.
- Building permit applications are down due to the Hayden Homes subdivision being almost completely built out.
- Providing affordable housing continues to be a challenge but the City is working to facilitate solutions. Many affordable homes that come on the market continue to be purchased by investors and retirees.
- The overall economy appears to be improving.
- Hotel occupancy is up compared to the previous year.
- The Kiwanis Food Bank and a local church are providing food to over 100 families each month.

- The average sales price of homes in Sisters rose from \$207,877 in 2013/14 to \$237,854 in 2014/15.

#### IV PROPERTY TAX OVERVIEW

- **Deschutes County Assessor Scot Langton** provided an overview of the Oregon property tax assessment system and explained how property tax is determined.
- **Assessor Langton** reported commercial property tax would likely remain flat.
- **Assessor Langton** reported approximately 30% of homes in the Sisters area had a real market value that was below the assessed value compared to the County average of only 15-20% of homes with a real market value below the assessed value.
- After consulting with Assessor Langton, staff created a proposed budget assuming a 5% increase in property tax revenue.

#### V. PUBLIC COMMENT - None

#### VI. PRESENTATIONS

**Finance Officer Fujita-Conrads** provided an overview of the handouts relating to reserves. They included a summary of fund reserves, a list per fund illustrating future projects and the capital replacement reserves necessary for future expenditures. She also reviewed restricted and unrestricted cash per fund and discussed Council goals, with associated costs, that had been incorporated into the proposed budget.

##### A. *Personnel Services*

- Personnel allocations by department and fund were updated to better reflect the anticipated time for the upcoming year.
- A cost of living (COLA) adjustment of 1.7% was included in the budget.
- A merit adjustment of 3% tied to performance was included in the budget.
- Healthcare, workers compensation, property, liability and auto insurance cost all rose.
- Expense allocations are based on personnel allocations.

##### B. *General Fund*

- The line item entitled Reserve for Future Expenditures is where revenues that exceed expenditures are listed to balance the budget.
- Revenue from telephone, television and Central Electric Cooperative (CEC) are now booked in the street fund.
- The collection rate for property tax is anticipated at 95%.
- An anticipated 10% increase in transient room tax was incorporated into the budget.

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- The **Committee** discussed and requested the Legal Fees line item in the Council Manager, Finance and Planning programs be increased by a combined amount of \$10,000.
- The **Committee** discussed and requested the Public Outreach line item in the Council Manager program be decreased by \$10,000.
- The **Committee** questioned whether it might be cost effective to have an in-house inspection program. **Manager Gorayeb** explained it would be extremely difficult to find an individual certified in all the inspections fields needed and with plan review experience. He stated the County was serving the City well by providing all those services through a number of individuals.
- An increase in the Contracted Services line item in the Parks program is for the implementation of an on-line reservation system and the recent hiring of a contracted City Forester.
- An increase in the Electricity line item in the Parks program was to account for a full year of operation for Fit Street Park and lighting upgrades to Village Green Park.
- The **Committee** discussed and requested that 50% percentage of transient room tax collected be allocated to the Sisters Area Chamber of Commerce.

*C. Street Fund*

- The Water Fund pays a 7% franchise fee to the Street Fund.
- The line item of Contracted Services program includes costs for Information Technology (IT) services, City engineer services, City Forester services and Deschutes County work crews.
- The Road Maintenance line item budget varies from year to year depending on the projects scheduled for that year from the master road maintenance schedule.
- The Street Trees line item includes funds for maintaining bare root trees in the City's tree farm.

*D. Street SDC Fund*

- The City will be applying for a Transportation Growth Management (TGM) grant to update the Transportation System Plan. The emphasis of the update will be on the east end of the city.
- The design of the Barclay/ US 20 roundabout will be completed and construction should begin in the fall of 2016.

**VII. OTHER BUSINESS**

A. Preview May 27, 2015 Agenda

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**Chair Ryan** stated during the May 27<sup>th</sup> meeting the Budget Committee would finish up the review of funds the Committee not reviewed this evening as well as those scheduled for the meeting of the 27<sup>th</sup> already.

**VIII. RECESS**

**Chair Ryan** continued the meeting until May 27, 2015, at 6:00 p.m.

Respectfully submitted,

  
Kathy Nelson, City Recorder

  
Chris Frye, Mayor