

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
JULY 09, 2015

**MEMBERS PRESENT:**

Chris Frye Mayor  
David Asson Councilor  
Wendy Holzman Councilor  
Nancy Connolly Councilor

**STAFF PRESENT:**

Andrew Gorayeb City Manager  
Steve Bryant City Attorney  
Lynne Fujita-Conrads Finance Officer  
Patrick Davenport CD Director  
Kathy Nelson City Recorder

**GUESTS:**

Erik Huffman City Engineer

**ABSENT:**

Paul Bertagna PW Director

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

The meeting was called to order by Mayor Frye at 7:08 p.m.

**II. VISITOR COMMUNICATION - None**

**III. CONSENT AGENDA**

A. Minutes

1. June 25, 2015 – Workshop

B. Bills to Approve

July Accounts Payable

*Councilor Asson moved to approve the consent agenda that included the additional page of accounts payable. Councilor Holzman seconded the motion.*

**Councilor Connolly** asked how the services from Velox, for which the City was charged, differed from what Data Analyst Walsh provided for the City. **Manager Gorayeb** explained the City contracted with Velox to maintain the City's server, computers, software, InCode and email. **Mayor Frye** noted the City previously had an employee to handle those tasks and it was less expensive to contract the services out.

*The motion carried unanimously.*

**IV. STAFF REPORTS**

A. July Staff/Council Work Plan

**Councilor Connolly** asked if the budget changes listed in the Finance department included the proposed new rates for Three Creeks Brewery. She asked if there were rate changes in the future, how it would affect that agreement. **Finance Officer Fujita-Conrads** replied the sewer and water rates mentioned in the report were looking at the entire system as a whole and were not specific to the brewery. She stated the agreement would only be affected if the methodology for determining equivalent dwelling units (EDU) was changed.

**Councilor Connolly** asked when the information related to the appeal of the McKenzie Meadow Village project would be available and **Director Davenport** replied it would be distributed to the Council by the end of the following week. **Mayor Frye** asked what the Planning Commission vote had been on the project. **Director Davenport** replied it was four votes in support, two votes against and one Commissioner abstained from the vote.

**Councilor Connolly** asked if City Attorney Bryant would be responding to the claims by the appellant's attorney. **Director Davenport** replied staff would write the staff report and it would be reviewed by the City Attorney.

**Councilor Connolly** reported she had attended a portion of the City Parks Advisory Board (CPAB) meeting the previous evening was impressed with the work the board was doing as they considered park amenities.

B. New Business License Report for June 2015 – list included

## V. COUNCIL BUSINESS

### A. Discussion and Consideration of a Motion to Approve the Three Creeks Production LLC Wastewater Equivalent Dwelling Unit (EDU) Calculation

**Finance Officer Fujita-Conrads** noted breweries used a great deal of water during their production. She stated what was different was that most of the water used, did not become wastewater. Because of this difference, Three Creeks Brewing proposed an EDU calculation for its sewer charges that would take this into consideration. She stated when checking with surrounding cities she found Prineville only had a very small brewing facility connected to a restaurant and there was no special calculation used. Rather, the strength of the wastewater from the facility was monitored. She reported Redmond had a similar calculation as the one proposed and breweries were able to install production meters to measure how much water was actually being used prior to calculating sewer charges. She stated in Bend, the city depended on the breweries to report on their production and waste hauled.

**Councilor Connolly** asked for an explanation on what was meant by “strength” of the wastewater. **City Attorney Bryant** explained the PH concentration from breweries could be very disruptive to a wastewater system if not kept within a narrow margin. **Manager Gorayeb** stated Three Creeks Brewing had a sophisticated system to both monitor and manage the wastewater in order to be compliant and minimize their costs.

**Councilor Asson** asked what impact calculating the EDU's monthly as opposed to the current method of using the average of the first three months of the year would be. **Finance Officer Fujita-Conrads** replied she had taken the information from the first five months of the years and calculated the EDU's both ways. She reported the difference between the two

REGULAR MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
JULY 09, 2015

methods was \$230. She stated this would change from year to year depending on actual production at the brewery.

**Councilor Holzman** asked if by allowing this method of calculation, was the City was forgoing a great deal of revenue even when the jobs created were taken into account. **City Attorney Bryant** replied the regular calculation for sewer costs assumes most water used ends up in the sewer. He stated with a brewery a lot of the water goes into the beer itself and not down the drain.

**Wade Underwood, Three Creek Brewing, Sisters, OR**

**Mr. Underwood** stated there were six tanks being used at present with room for 10 more. He explained how brewery waste was heavy in proteins and solids with high oxygen demands. He reported that in the economic development agreement between Three Creeks Brewing and the City, Three Creek Brewing had agreed to partially fund an expansion of the aeration system at the treatment plant. He stated his company didn't want to be taking up 25% of the treatment plant capacity which it would have once they reached 10,000 barrels of production. He stated that was not the type of community neighbor his company wanted to be and that portion of the aeration upgrade his company was paying for would mitigate the impact to the treatment plant. He stated when his company produces 20,000 barrels, he and the City would need to have another conversation.

**Councilor Connolly** asked if Mr. Underwood was satisfied with the verbiage in the agreement that allows the City to reevaluate the calculation at any time. **Mr. Underwood** replied he was not pleased it was included in the agreement and stated removing the language had not been an option per the City. **City Attorney Bryant** added that while he did not think there would be any problem using the proposed calculation method, the provision would allow staff to evaluate the methodology and make certain the calculation was appropriate.

**Mayor Frye** stated he felt the new methodology was fairer and fit the business model for Three Creeks Brewing. **Councilor Connolly** asked if the business were sold, would the agreement still be in effect. **City Attorney Bryant** replied the agreement was with the LLC and if someone came in and purchased his membership agreement would go with the business if it was sold.

**Councilor Connolly** asked if when the facility got to full brewing capacity it would have a long term effect and would it limit another brewery coming into the city. **City Engineer Erik Huffman** stated Three Creeks Brewing contribution was to contribute toward aerator upgrades in order to increase the amount of oxygen in the wastewater lagoons. He explained without enough oxygen the bacteria would die and the lagoons would turn septic. **City Attorney Bryant** added it wasn't a matter of the next brewery coming in but rather at what point the sewer system met its maximum capacity. He explained the upgraded aerators were one tool in helping to prolong the capacity of the system but at some point the City would

need to make adjustments to provide additional capacity. He added the City had those future needs well planned.

**Mr. Underwood** stated that when he began looking into opening his brewery he contacted the City to discuss its impact on the wastewater treatment system. He stated there was nothing in the City's Development Code that required him to do so but he felt it was the responsible thing to do. He stated he felt the Development Code did not protect the City from someone else coming in with a business with a significant waste stream that could have a significant impact and suggested the City add language to its Code to protect the entire community and the City's infrastructure. **Manager Gorayeb** stated the City does have the protection of the rate structure and could charge according to the strength of wastewater if it chose to.

*Councilor Asson moved to approve the Three Creeks Production LLC EDU calculation. Councilor Holzman seconded the motion. The motion carried unanimously.*

## **VI. CONTRACT REVIEW BOARD**

**Mayor Frye** opened the Contract Review Board.

- A. Discussion and Consideration of a Motion** to Award a Construction Services Contract to High Desert Aggregate and Paving Inc., in the amount of \$72,346.00 or \$73,000 with Added Alternate (for paving between 7:00 p.m. and 7:00 a.m.) for a Pavement Overlay Project and Authorize the City Manager to Execute the Contract

**Manager Gorayeb** explained staff had added the alternative to have the work performed at night so as not to be so disruptive to businesses during the tourist season. **Councilor Connolly** voiced concern about the noise to surrounding residents if the work was performed at night and requested surrounding residents be informed of the impending project. **Manager Gorayeb** replied door hangers would be hung with information on the project. **Engineer Huffman** reported it would take two to three days to complete the project. He stated the bids for the project came in under the anticipated budget and represented a good value.

**City Attorney Bryant** explained that approving the contract as the motion was written would provide staff the flexibility to have the work performed in the day or night time.

*Councilor Holzman moved to award a construction services contract to High Desert Aggregate and Paving Inc., in the amount of \$72,346 or \$73,000 with the added alternate (for paving between 7:00 p.m. and 7:00 a.m.) for a pavement overlay project and authorize the City Manager to execute the contract. Councilor Asson seconded the motion. The motion carried unanimously.*

Mayor Frye closed the Contract Review Board.

**VII. OTHER BUSINESS**

- Initial Business Owner Survey results will be shared at next week's workshop.
- Two terms on the CPAB end on July 31<sup>st</sup> and will become advertised. One is for an in-city resident and the other for an out of city resident. Both current members with expiring terms are eligible to re-apply.

**VIII. MAYOR/COUNCILOR BUSINESS**

**IX. ADJOURN –7:53 p.m.**

Respectfully submitted,

  
Kathy Nelson, City Recorder

  
Chris Frye Mayor