

REGULAR MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
FEBRUARY 24, 2011

MEMBERS PRESENT:

Lon Kellstrom Mayor
David Asson Council President
Sharlene Weed Councilor (via telephone)
Pat Thompson Councilor

ABSENT:

Wendy Holzman Councilor

STAFF PRESENT:

Eileen Stein City Manager
Steve Bryant City Attorney
Pauline Hardie Comm. Devel. Director
Paul Bertagna PW Director
Lisa Young Finance Director
Kathy Nelson City Recorder

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE

The meeting was called to order by Mayor Kellstrom at 7:07 p.m.

II. RECOGNITION OF OUTGOING CCI MEMBERS

Mayor Kellstrom voiced thanks to outgoing Committee for Citizen Involvement members Ann Richardson, Paul Bennett and Debbie Newport. Ann Richardson was in attendance to receive her certificate of appreciation.

III. VISITOR COMMUNICATION

Jeri Buckman, Sisters Area Chamber of Commerce

Ms. Buckman was in attendance to discuss plans for July 16th Glory Daze car show. She stated the Chamber was hoping to receive permission to move the car show back to its original site on Main Avenue, closing the road from vehicular traffic between Elm Street and Larch Street. She indicated she had spoken with all the affected businesses and none were concerned with the one day closure.

Mayor Kellstrom asked why the Chamber wanted to move the location from Adams Avenue back to Main Avenue. **Ms. Buckman** stated there was more shade and the location was closer to downtown shops and eateries. **Public Works Director Bertagna** stated he had some concerns with the proposed street closure design as it relates to emergency services operations. **Mayor Kellstrom** asked Director Bertagna to work with the Chamber of Commerce to work out another road option for the event and report back to the Council.

John Hayes, Sisters Country Historical Society

Mr. Hay stated he was in attendance as a member of the Sisters Historical Society to ask for the City's assistance in protecting a historical building in Sisters. He explained the historical society

was working in partnership with Deschutes County Landmark Commission to have the former Church of Christ that stands at the intersection of Spruce Street and Main Avenue designated as a historic building. He voiced concern that the buildings future was uncertain at this time. He provided historical details noting the church was constructed in 1914 and was the first church in Sisters. He stated the hope is to secure funding to purchase the building to house both the Historical Society museum and convert the east portion into a senior center. He requested the City write a letter to the current owner of the property to encourage them to continue the conversation about the proposed opportunity that has already been initiated. He reported the building was not officially for sale yet nor had a price been determined.

Councilor Asson stated he had visited the church with Mr. Hayes and was in favor of the City writing a letter of support. The other **Council** members agreed and **Mayor Kellstrom** directed Manager Stein to write the letter of support.

IV. CONSENT AGENDA

- A. Minutes
 - 1. February 03, 2011 –Workshop
 - 2. February 10, 2011 – Workshop
 - 3. February 10, 2011 – Regular Meeting
- B. Bills to Approve
 - 1. February Accounts Payable

Councilor Weed moved to approve the consent agenda. Councilor Thompson seconded the motion. The motion carried unanimously.

V. ACCOUNTS PAYABLE NOT ON THE CONSENT AGENDA

- A. February Accounts Payable

There were no accounts payable not on the consent agenda.

VI. STAFF REPORTS

A. Paul Bertagna, Public Works Director

Public Works Director Bertagna reported staff had been working on pothole patching and shoulder work to try and keep street deterioration to a minimum. He stated crack sealing and then chip sealing would occur in April or May depending on the weather. He discussed the possibility of expanding the scope of the Safe Routes to School Project with additional funds that may become available from the Oregon Department of Transportation (ODOT).

Councilor Weed voiced concern with the proposed Jefferson Avenue multi-use path project. **Director Bertagna** stated the Council would have an opportunity to discuss the design of the project prior to moving forward. He stated only the preliminary survey had been completed. **Councilor Weed** stated she felt impacted residents should be involved in the process. **Director Bertagna** replied the first step was to have the Council agree to the project prior to any community involvement. He added that grant funds would be available for the project.

B. Pauline Hardie, Community Development Director

Community Development Director Hardie announced the City was notified it had made it to a short list of 30 cities for an ODOT Transportation Enhancement Program grant. If awarded, the grant would be used for the streetscape improvements on Cascade Avenue.

Director Hardie highlighted the following dates for the Council:

- March 3rd – Parks Master Plan community workshop from 5:00 to 7:00 p.m.
- March 16th - Cascade Avenue Improvement community workshop (*this has subsequently been changed to March 15th*)
- March 17 – Joint Council/Planning Commission workshop on the Cascade Avenue Enhancement Project – 8:30 to 10:30 a.m.

C. Mac Hay, Economic Development Manager

Mr. Hay provided an overview of the various events and activities he participated in for February. He reported he continues to attend the Chamber of Commerce round table meetings that focus on various economic sectors within the community.

Mr. Hay reminded the Council of the Economic Development of Central Oregon (EDCO) Pub Talk scheduled for March 17th from 5:00 to 7:00 p.m. at Three Creeks Brew Pub and he invited councilors to attend. He noted it was the first ever event scheduled outside of Bend and that Mt. Bachelor had donated a bus to transport Bend attendees. He reported Sisters Country residents and business owners Benny Benson, Tracy Curtis and Jacquie Zanck would be speaking at the event.

Mr. Hay reported he'd held an educational summit meeting on February 3rd attended by representatives from Sisters School District, Deschutes County Library, Central Oregon Community College and Oregon State University (Cascades campus). He stated he used the opportunity to introduce Guttenberg College representatives to the educational community.

Mr. Hay encouraged the Council to attend the annual EDCO luncheon on March 14th where Governor Kitzhaber will be the keynote speaker. He reported the first Sisters Economic Advisory Committee meeting would take place on Thursday, March 3rd at 4:00 p.m. at the library

and invited interested parties to attend. He stated currently there are six members with Cris Converse serving as Chair and he was looking for others to join. He stated the first meeting would focus on creation of a mission statement.

Mr. Hay stated he is still receiving amazing support and business leads from the community but noted that finding financing is still very difficult for prospective businesses.

VII. COUNCIL BUSINESS

A. Public Hearing and Consideration of Resolution No. 2011-01: A RESOLUTION OF THE CITY OF SISTERS ADOPTING A SUPPLEMENTAL BUDGET AND ESTABLISHING APPROPRIATIONS

Mayor Kellstrom opened the public hearing for anyone wishing to speak on the resolution related to the supplemental budget. As there was no one wishing to speak on the matter **Mayor Kellstrom** closed the public hearing.

Councilor Asson moved to approve Resolution No. 2011-01 adopting a supplemental budget and establishing appropriations. Councilor Thompson seconded the motion.

Finance Director Young stated the staff report on the proposed budget adjustments were written in a narrative format as per the Council's request and asked for questions. There were none.

The motion carried unanimously.

B. Discussion and Consideration of a Motion to Approve a Water System Capital Improvement Plan

Councilor Weed stated even though the Council had given the go-ahead for staff to use the current Water Fund Capital Improvement Plan (CIP) as a starting point at the February 3rd workshop, she felt that there was not agreement about when the projects should be completed and how they would be funded. She stated after receiving information compiled by Ed Protas and Mike Morgan she had questions about whether the projects on the CIP were needed within the five year timeframe as original shown. She stated she agreed the projects were all valid but thought some could be postponed for a period of time. She stated she had created an alternate CIP using the following assumptions;

- The water system will be maintained to provide a safe and reliable supply to customers and provide adequate fire flows for the safety and well being of the community.
- During this economic downturn the City should make certain that all projects are absolutely necessary.

REGULAR MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
FEBRUARY 24, 2011

- Water consumption has not increased and as such a majority of capital improvements can be postponed beyond the next five years.
- Postponing the projects will ensure water rates are as low as possible.

Councilor Weed discussed the elements of her revised CIP which proposed reducing or removing projects from the list, citing lack of growth as the reason. In particular she proposed to reduce Well #1 improvements to only include replacement of the pump and motor and only if needed; and instead have Well #3 serve as the primary well for the City. She stated she felt her revised CIP had merit and should be reviewed by the City Engineer to see if it was viable.

Mayor Kellstrom asked for a staff response to the proposed alternative CIP. **Manager Stein** stated the current CIP is based on the 2005 Water Master Plan that was approved by the Council and it is based on a 20 year population forecast. She stated it is difficult to determine whether the City will reach the estimated population numbers in any given year which is why the CIP is reviewed annually during the budget process; to determine whether an appropriation should be made for a particular project in the upcoming year.

Councilor Weed maintained she was very comfortable with postponing the projects until growth begins again. **Director Bertagna** replied that the only project on Councilor Weed's revised CIP related to growth is the reservoir and the remainder of the projects relate to maintenance or inadequacy within the system. **Councilor Weed** stated the 2005 Master Water Plan states the system is adequate to meet the needs of the City and questioned why it is not now if there has not been significant growth. **Director Bertagna** replied the statement in the master plan was a generalized statement and pointed out it also recommends replacing undersized pipes particularly with regard to meeting fire flow standards. He stated the City is trying to be water safe and safeguard water quantity. He explained the Sisters Fire Marshall and City Engineer have identified the areas with undersized pipes as being at higher risk. He stated the statement there has been no increase in water consumption is misleading as it varies from year to year and conservation efforts by the City have made the system much more efficient.

Director Bertagna stated Well #1 is used as the primary pump in the winter season as it has perfected water rights. He stated using Well #3 as the primary well doesn't make sense unless the City is in the peak demand period in summer since the electrical demand charge is twice that of Well #1. He explained that Well #2 is the pressure backup for Well #1 and that the telemetry system has been programmed that way. **Councilor Weed** asked if the telemetry could be changed since there is plenty of capacity with the other wells. She stated if the expense of improving Well #1 could be saved it would not require the City to raise its water rates as high. **Director Bertagna** stated one reason the City can't run Well #3 year round is it does not have perfected water rights. He stated there will be a substantial cost to acquire the mitigation credits. He stated that in summer both Well #1 and Well #2 are often both used.

REGULAR MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
FEBRUARY 24, 2011

Director Bertagna stated the City has run Well #1 for 37 years and its pump replacement is a maintenance issue since the City does not want to ever suffer a catastrophic failure. He stated he agrees with Councilor Weed that development-related improvements could be postponed. He stated he supported the meter repair and replacement program as many of the meters 20 to 25 years old.

Councilor Asson stated he did not agree with Councilor Weed's suggestions especially if the intent is to keep rates affordable for the community. He discussed a four page document written by Ed Protas and distributed to the Council by Councilor Weed as looking at the data incorrectly in that the information is not what the water rate is based on. He stated Councilor Weed was suggesting removing 96% of the total projects slotted to occur in the next five years including several system development charge (SDC) funded projects that have funding available now and would create jobs. He questioned the value in postponing the projects to a future date when they would likely cost more. **Councilor Asson** stated he couldn't understand putting off the improvements needed for an almost 40 year old well that is a primary element in the water production system. He stated it is not prudent to ignore it and voiced frustration that the Council has spun its wheels for eight months instead of moving forward.

Councilor Thompson noted he had stated previously he couldn't commit to the CIP without knowing how the projects would be funded. He stated the water CIP is nothing more than a list of potential projects that may or may not be done depending on growth, consumption and funding. He stated he had hoped after the last meeting that the City was moving forward from a budget standpoint to determine what is within the City's means. He stated he has always wanted to see options for rates. He stated approving a CIP in a Council meeting is not usually done in that it's directly related to budget.

Mayor Kellstrom stated the March 3rd workshop will provide information on water rates, financing options for projects and the related debt service funds needed. **Councilor Thompson** stated he agrees with Councilor Weed's assumptions but to get there is the issue. He agreed with Councilor Asson that if SDC projects can be done now then it's a smart path to take. He agreed it is good to ask questions but stated he did not want to approve a CIP now that would be inflexible. **Manager Stein** repeated for all the reasons discussed the CIP has always been presented during the budget process and never been formally approved by the Council. **Councilor Asson** argued the City needs a starting point to begin moving forward and remarked he didn't believe a water rate increase will be that much of a hardship on low income customers.

Mayor Kellstrom asked the councilors to affirm the original CIP or the alternate CIP so staff could move forward. **Mayor Kellstrom, Councilor Thompson** and **Councilor Asson** stated they favored using the original CIP. **Councilor Weed** stated she did not. **Mayor Kellstrom**

stated it is a given that costs such as electricity will go up and there is no danger in overshooting revenue for the fund since the balance is already dipping dangerously low.

Councilor Weed stated she was concerned with basing the water rates on the original CIP as she felt some of the projects listed might not be necessary in the next five years. **Councilor Asson** replied there has to be a rate increase to build up the fund and have the resources available for the projects regardless of whether they are done in one year or five years. **Mayor Kellstrom** noted the Council has the responsibility to provide a healthy water fund for the entire community and all cities are raising rates because of the increased costs.

Councilor Weed stated she is also expecting to see information next time on how the rate increase will impact ratepayers with different scenarios to see the affect on water users and revenue. She asked whether the water rate consultant had received the data from the City's utility billing system so the Council could receive information on how many rate payers will see an increase or decrease in their bill. **Mayor Kellstrom** replied that would depend on consumption which can vary from month to month, as well as the rate increase as conservation measures will factor into how much water users conserve. **Manager Stein** stated she did not sense that there is agreement on the Council about how the effect of the rate impact should be reported back and that this question would be part of the March 3rd workshop agenda. She added that the conversation being had reaffirmed this. She added that in order to produce information on how accounts are going to be affected there needs to be a target to aim for which is dependent on this CIP question. **Mayor Kellstrom** stated the Council's target should be a fiscally and operationally viable Water Fund.

VIII. OTHER BUSINESS

A. Budget Committee Appointments

Mayor Kellstrom appointed Cris Converse, Andrew Gorayeb and McKibben Womack to serve on the Budget Committee. The **Council** concurred.

B. Council Rules

Mayor Kellstrom stated he felt the discussion two weeks ago on how the Council receives information from staff needed to be clarified. He distributed a handout with amendments to the City Council Meeting Rules indicating the new process.

***Councilor Thompson** moved to adopt the changes to the Council Rules with regard to Council members requesting and receiving information from staff. **Councilor Asson** seconded the motion. The motion carried unanimously.*

REGULAR MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
FEBRUARY 24, 2011

Mayor Kellstrom stated he also wanted to discuss the policy regarding public records requests and distributed the policy for discussion. He stated the current policy states if a question for staff requires more than a verbal response, or more than 15 minutes, or is more than the occasional question, staff should advise the person there is a public records request process and refer them to the City Recorder.

Councilor Weed asked if there were best practices with regard to public records requests. **City Attorney Bryant** stated cities handle public records request in many different ways but most medium sized cities use a public records request process. He stated the League of Oregon Cities (LOC) would likely have additional information on its website. He added the Attorney General has some proposed changes to the process coming before the Oregon Legislature. The **Council** agreed the policy was still appropriate.

IX. MAYOR/COUNCILOR BUSINESS

Councilor Thompson asked for a status update on the demolition of the old City Hall. **Director Bertagna** reported a plan needs to be developed after an environmental assessment is completed. **Councilor Thompson** stated he felt the City should be aggressive in demolishing the building considering its deterioration. **Manager Stein** stated the City is also waiting to wait to hear back from T-Mobile on the notice the City sent about relocating its cell tower.

X. ADJOURN – 9:03 p.m.

Respectfully submitted,

Kathy Nelson, City Recorder

Lon Kellstrom, Mayor