

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
OCTOBER 20, 2011

**MEMBERS PRESENT:**

Lon Kellstrom	Mayor
David Asson	Councilor President
Sharlene Weed	Councilor
Pat Thompson	Councilor
Wendy Holzman	Councilor

**STAFF PRESENT:**

Eileen Stein	City Manager
Lisa Young	Finance Director
Eric Porter	Principal Planner
Paul Bertagna	Public Works Director
Kathy Nelson	City Recorder

**WATER SYSTEM TAC MEMBERS:**

Michele Sims	Facilitator
David Abbas	Member
Mike Cacavano	Member
Cris Converse	Member
Mike Morgan	Member
Ed Protas	Member

**ABSENT:**

Pauline Hardie	Comm Dev Director
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**GUESTS:**

Taylor Robinson	Sisters Fire Chief
Dave Wheeler	Sisters Fire Marshall

The meeting was called to order by Mayor Kellstrom at 8:05 a.m.

1. Water System Capital Improvement Plan (CIP) Technical Advisory Committee (TAC) Report

**Michele Sims**, facilitator for the water system capital improvement plan (CIP) technical advisory committee (TAC) stated that an enormous amount of research and work was undertaken to create this final report to the City Council. She stated she would go through the findings and concerns of the TAC for each project and noted the differences in decisions were usually related to what was considered an acceptable amount of risk for the City to take as it relates to providing critical services.

Well #1

**Ms. Sims** reported the recommendation was to rebuild the pump motor and replace the pump assembly as soon as irrigation season ended due to concerns related to a significant drop in the static water level. She stated the work would include setting the pump lower in the well. She stated the TAC also recommended postponing a rebuild and upgrade of the well house beyond the five year planning period due to economic concerns. She reported any work that would require the issuance of a building permit from Deschutes County would trigger the need to bring the system into compliance with the current code.

Well #2

**Ms. Sims** reported the majority and minority TAC recommendations for the well were the same, but with a different argument presented from both groups related to what was an acceptable

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
OCTOBER 20, 2011

amount of risk for the City to undertake. She stated the majority of the group felt uncomfortable placing any project for Well #2 outside the five year planning period and suggested monitoring the well. They were still concerned that monitoring alone might not adequately detect failure in advance of damage, which would present the possibility of the well being out of service for an extended period of time. She stated a minority of the group was comfortable having no plan to take any action and the pump should only be monitored until a time vibration analysis indicated failure was imminent.

Water Distribution System

**Ms. Sims** noted that with regard to the water distribution system, all members of the TAC agreed the Fir Street water line improvements and connection of three hydrants in Edge of the Pines neighborhood to larger existing lines should be completed within the five year planning period. She stated a majority of members also agreed to upgrading to a six inch water line from a three inch water line in Barclay Square given the age, size and proximity to structures. The group felt there was too much risk involved to not perform the upgrade. **Ms. Sims** reported a minority of the TAC members felt the Barclay Square project should be deferred until after 2017 or when growth and the economy improved.

**Ms. Sims** stated a majority of the TAC felt that collecting additional data would help with future decisions. **Councilor Thompson** stated the statements presented in the majority and minority opinions seemed contradictory in that one claimed the City was ahead of schedule on the distribution projects noted in the 2005 Water Master Plan while the other stated the City was behind schedule. **Ms. Sims** explained one opinion was based on the lineal feet that had been replaced while the other was based on the total amount spent based on the cost estimate to make all the improvements. **Councilor Thompson** replied that basing an opinion on what the City had spent to date did not seem like a good indicator of the City's progress, especially since project bidding had been so favorable the last few years.

Water Meter Upgrades

**Ms. Sims** stated there was a split decision by the TAC with regard to implementing a water meter replacement program, but all TAC members agreed more data was needed. She stated the issue was that most users never met the base allotment of water and a re-structuring of the base allotment would be necessary if a program was ever going to pay for itself and be cost effective. She stated half of the members were in favor of budgeting \$20,000 for a one year test program targeting large water users and those meters that are more than 20 years old. The other half of the members recommended postponing any proactive water meter replacement program for at least five years. That group recommended monitoring billing to identify any anomalies and replace or repair meters only when warranted. Their reasoning was the cost associated with a replacement program would never be recovered and suggested additional analysis to determine the necessary combination of base rate and unaccounted water to create a cost effective program.

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
OCTOBER 20, 2011

**Councilor Weed** asked the ages of water meters in the City. **Director Bertagna** replied that most commercial meters are 25 years or older, older residential neighborhood meters are 15 to 20 years old and there are a lot of five to seven year old meters in newer developments. **Councilor Holzman** stated she had discussed the concern of the City not following its water meter program from the Water Conservation and Management Plan with Adam Sussman, the City's water rights consultant. He informed her the City would not be in jeopardy with the Oregon Water Resources Department (OWRD) by postponing implementing the program at this time as many cities were finding it necessary to cut back on programs of this nature due to budget constraints. **Councilor Holzman** characterized the program as a "want", not a "need". **Councilor Thompson** agreed there is not sufficient data to determine if there should be an on-going water meter replacement program. **Manager Stein** stated if the City was going to leave the base water allotment as is, then it does make little sense to have a water meter replacement program. She stated if the City lowered the base water allotment, a meter that was not reading correctly could make a big difference in revenue. **Councilor Weed** asked what, if ever, was the breakeven point on water meter testing and replacement and **Director Bertagna** replied he did not have sufficient information to know. He stated he had begun collecting data on meter repairs and replacement. **Ms. Sims** added that data was needed to make decisions and the TAC grappled with the lack of information available. She stated the Council would need to decide if it was willing to spend the \$20,000 to gather the information.

**Councilor Thompson** commended the TAC members for their diligence, stating he would have never agreed to the TAC if he had realized it would require 11 meetings. **Councilor Asson** called their willingness to serve on the TAC as '*public service above and beyond the call of duty*'. The Council thanked Ms. Sims for serving as the facilitator and members of the TAC for their hard work and effort. **Ms. Sims** stated the TAC members were very committed and she felt the Council had received a good end product.

**Councilor Asson** asked why system development charge (SDC) projects had not been kept within the five year planning period since there were funds available. He stated he felt the City could save on construction costs at this time and the projects would be providing needed jobs in the community. **Director Bertagna** replied that a new reservoir, that will be growth driven, will be necessary at some point in the future. He stated the reservoir will require the City to incur significant debt and having sufficient funds for debt service in the fund was a concern. He stated a part of him wanted to take advantage of the favorable bidding climate while the other part was concerned with the five year projections.

**Manager Stein** noted there are over \$5 million worth of projects listed in FY 16-17 and beyond, and asked whether the TAC recommended all the projects be done that year or if it had been to merely indicate the projects were outside the five year planning period. **Ms. Sims** stated it was the latter, that the projects were meant to be spread to whatever year in the future was warranted. **Director Bertagna** confirmed that all the projects listed beyond the five year planning period

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
OCTOBER 20, 2011

would become necessary at some point in the future. **Councilor Weed** suggested renaming the project list in question as FY 16-17+ to make it clear there was not a specific year associated as to when the projects would take place. **Manager Stein** reminded the Council that a project might not necessarily be done in a given year, even if it's budgeted, as staff looks at various factors before choosing to move ahead with an actual project. **Councilor Weed** asked if an unexpected project comes up if the City could raise rates the following year to pay the fund back. **Manager Stein** replied that would imply there was a fund balance or reserves to begin with.

The **Council** directed staff to create an updated five year CIP using the assumption of continuing the 4% rate increase and incorporating the TAC's recommendations for projects. **Councilor Asson** suggested a stability clause be built into the fund to insure the fund balance does not drop below a certain amount. **Manager Stein** stated an operating and debt service contingency are included in the spreadsheet. **Councilor Holzman** stated she would like to see the fund become healthy enough that a financing would be possible. **Manager Stein** stated the Council would have an opportunity to take a fresh look at the assumptions for the fund and a spreadsheet that was able to be manipulated would be presented at the October 27<sup>th</sup> workshop.

**Councilor Weed** stated she did not want to consider spending \$20,000 on a water meter program and suggested if a majority of the Council felt that way, the item could be left off the CIP list. **Manager Stein** advised a \$20,000 item would have very little impact on the final rate structure and with the use of a 'live' spreadsheet projections could be easily modified at the workshop. **Councilor Asson** stated he felt it was important to leave the \$20,000 in as research money.

**Councilor Thompson** stated the issue of equity had still not been addressed. He stated he could not envision the City going to a zero allotment rate structure without knowing the fixed cost of providing water to a customer. He stated the fixed rate should be the same for every customer regardless of the size of the meter or pipe. He stated a fixed cost could be determined by dividing the cost to produce the water by the number of users since the cost to produce additional gallons of water for a user was minimal. **Councilor Asson** replied he did not agree with Councilor Thompson's assumptions. **Councilor Thompson** stated another way to balance the budget instead of raising rates was to reduce operating costs. **Director Young** stated there are administrative costs in providing a certain level of service to customers.

## 2. Preview October 27, 2011 Workshop and Regular Meeting

**Manager Stein** provided a preview of the upcoming workshop and regular meeting.

## 3. City Manager Update

**Manager Stein** invited the Council to attend the Governor's Regional Solutions Team meeting in December that will be co-hosted by the League of Oregon Cities (LOC). She explained the Regional Solutions Teams were created as a resource for cities to make it easier to engage with

WORKSHOP MEETING MINUTES  
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OCTOBER 20, 2011

state agencies. **Mayor Kellstrom** indicated he had already registered and **Councilor Weed** and **Councilor Holzman** stated they would like to attend.

**Councilor Weed** requested an update on the roundabout at Highway20/Barclay and holding a community meeting. **Manager Stein** replied staff was scheduled to have a meeting at the end of November with freight industry representatives and that the meeting would be facilitated by the Oregon Department of Transportation (ODOT) Director Matthew Garrett himself. **Director Bertagna** stated a community meeting was tentatively scheduled the week before that meeting. He stated he was still working out the details with ODOT staff and Scott Beaird from Kittleson & Associates, the City's roundabout consultant.

**Councilor Weed** asked about the status of the old City Hall building. **Director Bertagna** stated he had received word from T-Mobile the tower would be relocated before the end of the year per the company's budget. **Councilor Weed** stated she would like to move forward with a Council discussion on the re-development of the old City Hall site as a park as soon as possible so staff could begin looking for grant opportunities. She stated ideally, she would like to see the property become a park before next summer. **Councilor Asson** replied he had a different idea other than a park for the site so a conversation regarding how the site would be re-developed was in order.

**Councilor Weed** distributed a handout on the questions she would like answered related to the recycling center and High Country Disposal (HCD). She stated she wanted to make certain there was adequate time to discuss the options with the community prior to next budget season when decisions affecting the center would need to be made. **Manager Stein** replied that as the Uncle John Ditch Piping Agreement and water rate CIP issue were coming to a close, there would be more time available for staff to turn their attention to other issues.

The meeting was adjourned at 10:00 a.m.

Respectfully submitted,

  
Kathy Nelson, City Recorder

  
Lon Kellstrom, Mayor