

CITY OF POLSON COMMISSION MEETING

Commission Chambers

June 6, 2016

7:00 p.m.

ATTENDANCE: Mayor Knutson, Commissioners Donovan, Erickson, Siler, Southerland and Turner, City Manager Mark Shrives, and City Clerk Cora Pritt

ABSENT: Commissioner Coutts

OTHERS PRESENT (who voluntarily signed in): Elsa Duford, Dennis Duty, Shari Johnson, Bonnie Manicke, Lee Manicke, Danette Nistler, Stephen Niblack, and Tony Porrazzo

CALL TO ORDER: (00:01) Mayor Knutson called the meeting to order. The Pledge of Allegiance was recited. Roll call was taken.

APPROVAL OF PROPOSED AGENDA (00:50) – Prior to the motion, Mayor Knutson noted the correction the number sequence. There was a duplication of the number 9. So the agenda was corrected to read 9, 10, and 11. **Commissioner Erickson motion to approve the proposed agenda with the revision to the numbers. Commissioner Southerland second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC **NOT ON THE AGENDA (01:41)**-none

CONSENT AGENDA (02:09)-(a). May 13-31, 2016 claims (b). City Commission written Summary Meeting Minutes May 16, 2016, (c). City Commission electronic meeting Minutes May 16, 2016 (d). City Attorney contract. **Commissioner Southerland motion to approve the Consent Agenda. Commissioner Donovan second.** Commission discussion: Mayor Knutson questioned the Water/Sewer duplicate claims. City Manager Shrives explained that the Water Dept. purchased a generator and the Sewer Dept. had also purchased a generator. Commissioner Erickson questioned a statement in the City Attorney's contract regarding retaining records. City Manager Shrives replied that the records are kept at the attorney's office and that the City has copies. Should the City Attorney no longer be under contract with the City for whatever reason, the records would be returned to the City. Public comment: none **VOTE: Unanimous Motion carried**

CITY MANAGER COMMENTS (05:20)-City Manager Shrives commented on the following: the Water/Sewer Project Center Addition, 4th & 5th Ave. has begun. Sandry Construction moved their equipment in and the project will take 45 days.

JOURNEY B-STREET CLOSURE 1ST ST WEST FROM 7TH AVE TO 8TH AVE (06:05)-Danette Nistler presented this agenda item. The Journey B Church is holding a Children's Carnival fund raiser on Saturday, June 11th from 11:00 a.m. -4:00 p.m. The street closure is to allow games and bouncy house to be set up in the street. The dog groom business is closed on Saturdays. The volunteers will park in the business parking lot. The neighbors have all agreed with the street closure. The City Streets Dept. has been asked to provide barricades for the closure. **Commissioner Siler motion to approve the street closure of 1st St West from 7th Ave to 8th Ave. Commissioner Southerland second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

FISCAL YEAR 2016 IMPACT FEE REPORT (09:06)-City Finance Officer Cindy Dooley presented this agenda item. This report is for Fiscal Year 2016, ending May 31, 2016. The format is the same as last two years. Over the last 10 years that the City has had Impact Fees, those fees have generated about 1.4 million dollars. In 2011 the City decreased the fees off the maximum rate allowed. The revenue loss has been \$370,705.00. The City is continuing to see a growth spurt in the non-residential area and the residential is beginning to pick up. There are four departments that get Impact Fees; Fire, Parks, Water & Sewer. The General Fund also takes a 5% administration fee as part of the Impact Fee. The recommendation based on the capital projects that the City has going, is to raise the Fire and Parks Impact Fees back up to 100%. They are currently at 60%. The Water & Sewer Impact Fees are at 100%. Commissioner Turner asked why those Impact Fees should be raised back to 100%. City Finance Officer Dooley explained that the Fire Department has several capital improvement purchases coming up. The department will need a new ladder truck. The Parks Department took a donation of land for a park and at this time there aren't much in the way of funds to turn it into a park. Impact Fee monies could be used to create that park. Commissioner Turner commented that if the City doesn't have the money for parks, then the City should not accept the land. City Manager Shrives commented that the land is adjacent to a walking trail and that the land was going to be used as a parking area for the trail. Polson Fire Chief Clint Cottle explained to the Commission the capital purchases the department would be needing to make in the future. There are a couple of 10 year old ladder trucks that are for sale that would get the department by for a few years. These trucks are in the neighborhood of \$400,000.00 A new ladder truck costs \$800,000-900,000.00. If the Impact Fees were at 100% it wouldn't fix the current situation but it would allow more options to replace it. Finding the money to make larger purchases is very difficult within the General Fund. In approximately 8 years the Frontline engine will need to be replaced. Commissioner Turner asked if there was any value in the current truck. Chief Cottle responded that they weren't real thrilled to be considering taking it as a trade. The truck is almost 20 years old. To fix the ladder truck, it will take \$15,000-20,000.00 to repair the ladder truck for service. City Finance Officer Dooley commented that this report is informational only, no motion is required.

APPROVE RESOLUTION NO. 2016-007 SETTING IMPACT FEE COLLECTION LEVELS

(20:05)-City Finance Officer Cindy Dooley presented this agenda item. The Ordinance allows the Commission to change the rates by Resolution. This Resolution being presented would raise all 4 the Impact Fee levels up to the 100% level. Water & Sewer are already at 100%. Anyone who has a building permit that has been applied for or issued by June 30, 2016 would still fall under Resolution 2015-017 and receive a 40% reduction in Fire and Parks. This Resolution would go into effect at the beginning of the new fiscal year, July 1, 2016. **Commissioner Erickson motion to approve Resolution No. 2016-007 to reinstate all impact fees to 100% of the calculated amount effective July 1, 2016.**

Commissioner Southerland second. Commission discussion: Commissioner Southerland asked Commissioner Turner if there had been any impact on new development with the raising of the impact fees on Water & Sewer. Commissioner Turner replied there's always concern. The people who are building in say Mission Bay are paying it. The first time home buyer has a lot of concern. Commissioner Turner explained his argument against impact fees. If a bare piece of land, which brings in tax base "A", has development then it will be calculated at base "B" and that tax will always be there. The City is still benefiting to new build. It doesn't affect the higher end but it does affect the lower end. It is financial. Commissioner Siler asked if lowering the impact fees stimulated new build. Mayor Knutson answered it did not. Commissioner Turner commented that since that action, the City has seen more commercial build. People are choosing to build in the County versus building in the City. Commissioner Southerland commented that she would feel more comfortable with a raise of maybe a step up or two. Mayor Knutson commented that the previous raise in the Water & Sewer impact fees was due to a need. If the need is the Fire then we could leave the Parks at 60% and raise the Fire up to 100%. Commissioner Donovan commented that he could support that. City Manager Shrives commented that the impact fees pay for capital improvements. Mayor Knutson asked for a motion to amend the official motion to 100% for Fire and 60% for Parks and leave Water & Sewer at 100%. **Commissioner Siler motion to amend the motion to impose and collect 60% for Parks and 100% for Fire, Water & Sewer. Commissioner Donovan second. VOTE: Commissioners Donovan, Erickson, Siler, and Southerland ayes**

Commissioner Turner nay Commission discussion: none Public comment: Dennis Duty, 33425 Hellroaring Road-it isn't just housing that affected by impact fees. Certainly commercial development are looking at impact fees. Once you get those folks in, you have property taxes from this point forward. When you have a multi-million dollar hotel that was just build, the margins are that close. If you run people off, then you lose that property tax. Before long, you just get the fees up to where you are running people off. You need to consider how it may impact the long term rather than just the short term. Clint Cottle, Fire Chief-commented that he just wanted to reiterate what was said earlier, being a public safety official that is what Chief Cottle is looking at. To be able to provide the best fire protection for the businesses and the residents. Further Commission discussion: Commissioner Turner commented that he hopes everyone listened to Dennis Duty because it is a very accurate point. It's a one-time deal, taxes will be there year after year. It will affect everything from commercial all the way down. The tax base is what we really continue to rely on. If we can grow that tax base the better off we're going to be. Mayor Knutson asked Finance Officer Dooley what her retail figures were based on. Finance Officer Dooley answered Valley Glass when they built. This is typical square footage and meter size. Commercial does not pay a Parks Impact Fee. Commissioner Turner commented that as a community we need to look at growth. Impact fees turn some people off. Commissioner Siler commented that when the City lowered the fees it didn't bring people but then the economy was bad. Mayor Knutson clarified that the motion on the table is **to impose and collect 60% for Parks and 100% for Fire, Water & Sewer. VOTE: Mayor Knutson, Commissioners Donovan, Erickson, and Siler ayes Commissioners Southerland and Turner nays Motion carried**

REIMBURSEMENT REQUEST (44:03)-Mike Maddy presented this agenda item. Mayor Knutson commented that this is not a legal proceeding. The City is trying to sort through the details of this particular situation so that the Commission can make a decision to move forward on behalf of the Commission. Also, with several different perspectives that are going to be presented there will be a more strict process just to make sure there is positive dialogue throughout. Mr. Maddy and his representatives will share their perspective, then the City will share their perspective and information, then Mr. Maddy and his representatives may follow up, then the City will be given a follow up opportunity as well. Throughout this process the Mayor asked the Commission to hold questions until the end as some of the questions may be answered during the presentations. If there are questions, write them down and we will ask after the whole first process has been completed. **Dennis Duty** spoke first, introduced the representatives that would be speaking and presented the background. Jeff Larson, engineer that worked on the project, Mike Maddy, and Mr. Bill VanCanagan. Dennis begins by reading a letter that he distributed to the Commission. In May of 2015 there was a request by the City to put in a water line and a pressure main in at the request of the City. The work was completed as instructed and were told that the City would reimburse for those costs. Once the bill was submitted nothing was done about getting the bill paid. Contact was made to the Commissioners in the ward and were told it couldn't be discussed. In February 2016 a letter was drafted under the instruction of Commissioner Turner explaining what was done and why. (Note: a copy of the letter was distributed to the Commission and Dennis reads excerpts the letter for the record). "Present at the meeting was Tony Porrazzo, Shari Johnson, Terry Gembala, Karen Sargent and City Manager Mark Shrives from the City. Dennis Duty, Jeff Larsen (engineer) and Johna Morrison (planning) representing the Developer. Since the meeting was organized by Shari, she started the discussion on capacity of the lift station and the commitments on the City to the Ridgewater Development. After much discussion, it was determined that there is capacity. Once all the volumes were discussed, it was agreed that the engineers would confirm all the calculation and continue with design of the infrastructure. It was brought up by the Sewer and Water Superintendent that the City should bring a water main down the easement that was contemplated by developers for new connection of the gravity flow sewer system. The gravity sewer line had to be moved as the existing line was now in the middle of two proposed commercial lots. A 15 foot wide easement was proposed for the sewer. It was brought to the attention of the group that once the sewer line was in place and the new dialysis clinic was built, it would be very costly to go back and put in a water main to serve the Violet Lane and State Highway properties. Those properties would one day be annexed and the City would be required to provide water, with no way to get it there with a water main. The developer agreed to increase the width

of the easement to 20 feet to allow the separation of the sewer and water lines and the ability of the City to have room to work on the lines if there were problems someday. It was noted that the new water line had no value to the developer, since all of his property was serviced by the main installed by the developer in Ridgewater Drive. The words I heard at the meeting from the City staff was this is a “no brainer”. Let’s get it done. **Tony Porrazzo** Water/Sewer Superintendent commented that the meeting went pretty much like Dennis said. Tony had taken Shari Johnson out and showed her where the new lift station would be built to catch the sewer before it came down Hwy 93. There are already 5 lift stations on Highway 93. 1 lift station is rotting and for 3 years Tony has been trying to get it fixed. There needs to be as much sewer as possible removed from Highway 93. When Ducharme Park lift stations fails, it is only 70 feet away from the lake, will go straight into the lake. Lakeview Village lift station workings are all in the wet well and can’t be worked on. The cement is decaying and there are valves that can’t be turned. If the golf course lift station fails, the bypass is to dump it straight into Lakeview Village. The best thing would be to get as much sewer off Highway 93 as possible. The proposed lift station would be put in at Red Lion. The lift station is between the second dialysis center and Red Lion hotel. We have the capability to change parts of the system. Riverside pumps up to the lagoons. This was an attempt to think ahead into the future. Tony commented that he has offered each Commissioner an opportunity to go with him and view what he is talking about. Commissioner Erickson is the only one that has done this. **Jeff Larsen**, engineer commented that he was a project engineer on the Ridge Water design. Any time a development puts in water/sewer mains, those mains have to be approved by Montana Department Environmental Quality (DEQ) and the City. In the original design there was no water main extending north in Lot 16C. In the 20 foot easement is an 8 inch water line. When the design was brought in to the meeting, Jeff commented that he was not aware that there was already a water line that serviced to the north. It was surveyed by Carstens Surveying. It was to provide service to the north that the City had provided. There was no benefit to the developers of Ridge Water. That was a complete, 100% benefit to the City of Polson. The design of the 8 inch water main was discussed at the meeting. As Jeff recalled, the City was willing to allow him to design it and the City would pay for it. The sewer force main that was installed was for future flexibility which would benefit the City. There had already been 120 residential lots allotted to the Walmart Lift stations so there was plenty of capacity to hook up the 3 commercial lots. At this point Ridgewater did not need the sewer force main or the water main. One issue that did come up is a water service. That was put in there as a design engineer for the plans. This is a sewer service, and has approved by the City and DEQ. Both of the mains are a benefit to the City. **Mike Maddy** commented that he has worked with Tony and the City for over 15 years on Ridgewater and relied on Tony’s expertise of the water system and the sewer system. We rely on Tony when he says he needs something for somewhere else. On the Skyline project, they ended up putting in an 18” water line that goes all the way to Walmart because of other needs the City had. When he tells us to do something and he will pay for it we listen to him. There have been things that the City and Mr. Maddy haven’t agreed on and this by far is the strangest problem that has been experienced with the City of Polson. This has been 13 months since the initial meeting and they still don’t really know why the City isn’t paying the bill. What they have wanted for 13 months is to understand why the City feels no obligation to pay this bill. Most important, they don’t want to go to litigation. Ridge Water has no reason for the water line. It was at the request of the City. There were some common sense things done for the future.

Mayor Knutson then turns over to the City to make their comments. **Rich Gebhardt**, City Attorney commented that there was a massive miscommunication going on. Back when the invoice was presented, the City staff asked the City attorney to review the invoice to see if the correct individual was being paid and what was the City paying for. Mr. Maddy submitted a claim for the water from Jensen Backhoe. This invoice hasn’t been paid. The obligation that the City has would be to Jensen not Mike Maddy. That was one thing that needed to be clarified as well as the invoice is for sewer not water that wasn’t being paid. The 100 feet of poly pipe listed on the invoice would be used on a service line not a water or sewer extension. There were sewer services that the City was being asked to pay for too. The engineer was then asked to determine what the City was being asked to pay for, who the City was supposed to pay and get back to Mr. Gebhardt with an answer. Shari Johnson, as the engineer will have some responses.

Shari Johnson, City Engineer commented that she looked at the invoice and tried to determine what is water, sewer, main, and service. Shari distributed a spread sheet of the invoice and broke it out by department and cataloged the items. The 8” main line would have been a required size for the developer to have installed. There are no City users who would benefit from this main up stream at this time. Knife River would potentially be upstream but they are not on our system right now. Shari reviewed the following spread sheet:

RIDGEWATER DRIVE	Developer Record Drawings	Montana DEQ Regulations	City of Polson Standards	Analysis	Total Invoice Cost	Claim Request for City Payment
Sewer - Gravity	<ul style="list-style-type: none"> 700 LF of 8-inch main 4 Manholes 	<ul style="list-style-type: none"> Minimum Gravity Main Size is 8-inch "consideration should be given to maximum anticipated capacity" 	<ul style="list-style-type: none"> Same as DEQ Must extend across the full frontage of the property being developed 	<ul style="list-style-type: none"> Minimum DEQ size was used by developer 	\$ 9,267.520	50% \$ 4,633.75
Sewer - Force Main	<ul style="list-style-type: none"> 720 LF of 6-inch main 	<ul style="list-style-type: none"> Minimum Force Main Size is 4-inch Cleaning Velocity Minimum = 2fps "consideration should be given to maximum anticipated capacity" 	<ul style="list-style-type: none"> Same as DEQ 	<ul style="list-style-type: none"> Design velocity at 4-inch = 5fps; at 6-inch was 2.3fps Email discussion between Engineer's about pipe size states, "...since we don't know for sure how many lots may end up there... Dennis, why don't we go with 6", that way we know for sure, no matter what you do we will be ok" 	\$ 4,353.51	50% \$ 2,176.75
Sewer Services	<ul style="list-style-type: none"> 212 LF of 4-inch main 4 services (4-inch) 	<ul style="list-style-type: none"> Minimum Service Size is 4-inch 	<ul style="list-style-type: none"> Same as DEQ 	<ul style="list-style-type: none"> Minimum DEQ size was used by developer Services were to Lot 17C, Lot 16C, and 2 future lots to south of road Lot 16C was serviced from Lot 16C Easement 	\$ 550.16	50% \$ 275.08
Water Main	<ul style="list-style-type: none"> 20 LF of 6-inch main 1 fire hydrant Fittings (8-inch, 12-inch) 	<ul style="list-style-type: none"> Minimum Water Main Size is 6-inch Larger mains required for fire flow to maintain residual pressure 	<ul style="list-style-type: none"> Minimum Water Main Size is 8-inch Fire hydrant leads less than 50ft may be 6-inch Must extend across the full frontage of the property being developed 	<ul style="list-style-type: none"> Minimum DEQ & Polson Standard size was used by developer 	\$ 5,415.60	50% \$ 2707.80
Water Services	<ul style="list-style-type: none"> 100 LF of 1-inch poly pipe 3 service (1-inch) 	<ul style="list-style-type: none"> No size requirement 	<ul style="list-style-type: none"> Individual services required 	<ul style="list-style-type: none"> Services were to Lot 17C, Lot 16C, and 1 future lot to south of road Lot 16C was serviced from Lot 16C Easement 	\$ 1,315.90	50% \$ 657.95
Water & Sewer Labor	<ul style="list-style-type: none"> All Water & Sewer Installation 			<ul style="list-style-type: none"> Labor would be nearly the same, no additional trenches were dug 	\$ 48,917.50	50% \$ 24,458.75
LOT 16C EASEMENT						
Water Main	<ul style="list-style-type: none"> 330 LF of 8-inch main 1 fire hydrant 	<ul style="list-style-type: none"> Minimum Water Main Size is 6-inch Larger mains required for fire flow to maintain residual pressure 	<ul style="list-style-type: none"> Minimum Water Main Size is 8-inch Fire hydrant leads less than 50ft may be 6-inch Must extend across the full frontage of the property being developed 	<ul style="list-style-type: none"> Minimum Polson Standard size was used by developer Water Main does not extend across full property frontage and was not configured for future extension. <ul style="list-style-type: none"> If City intended for an extension, requirement would be a 12-inch main to match main size on Ridgewater Drive Preliminary Engineering Report does not identify this area for an extension 	\$ 8613.20	100% \$ 8613.20
Water Services	<ul style="list-style-type: none"> 1 service (1-inch) 			<ul style="list-style-type: none"> Service provided to Nunlist Property. Appears existing service was abandoned and reconnected. 	\$ 375.17	100% \$ 375.17
Water Labor	<ul style="list-style-type: none"> Main & Water Service Installation 			<ul style="list-style-type: none"> Labor would be the same, no additional trenches were dug 	\$ 11,102.50	100% \$ 11,102.50
NO IDENTIFIED BENEFIT TO THE CITY OF POLSON BEYOND DEVELOPER RESPONSIBILITIES					TOTAL = \$89,911.04	TOTAL = \$55,000.96

The remainder of the discussion dialogue regarding this agenda item may be listened to on the official electronic recording that may be located on the city website.

(02:56:46) Commissioner Turner motion to table this until further discussion between both parties and all bills have been reviewed by June 20th. Commissioner Southerland second. City Commission discussion: none Public comment: none VOTE: Unanimous Motion carried

(03:04:20) Mayor Knutson asked if the Commission wanted full minutes or action minutes. Commission and Mayor determined that action minutes would suffice on the other agenda items.

Adjourn. (03:05:24) Commissioner Southerland motion to adjourn. Commissioner Siler second. Commission discussion: none Public Comment: none VOTE: Unanimous Motion carried.

ADJOURN: 10:05 p.m.

ATTEST: _____

Mayor Heather Knutson

Cora E. Pritt, City Clerk