

POLSON CITY COUNCIL MEETING  
CITY HALL COUNCIL CHAMBERS  
TUESDAY, JANUARY 18, 2000, 7:00 P.M.

**Council Present:** Tom Vergeront, Mark MacDonald, Roberta Thick, Fred Funke, Dan Morrison. **City Attorney James Raymond present.**  
**Mayor Mike Lies presiding.**

**Others Present:** Mike Maddy, Tom Maloney, Jim Simpson, Joanne Simpson, Gary Wicks, HU Beaver, Lee Christensen, Jens Gran, Tim Hinderman, John Campbell, Bonnie Manicke.

**PUBLIC HEARING - ZONE CHANGE REQUEST - MIKE MADDY & JENS GRAN:**  
Sipe presented his staff report to Council, dated January 11, 2000, which included details of the zone change request, giving general information, applicable regulations, property description, proposal, review process, project analysis and staff recommendation, of this zone change request. Lies asked if there are any points of discussion.

Thick asked if certified letters have been sent to all the surrounding property owners. Sipe replied that they have been notified but he received a call from one adjacent property owner that he missed on the mailing list, therefore that property owner did not receive a certified letter. State statute defines adjoining property owners as those within 150' of the property in question. There was a legal notice published in the last two issues of the Lake County Leader giving notice of this public hearing. Also, there was a public hearing held by the City County Planning Board on December 14, 1999. Thick asked if there were any comments at the public hearings. Sipe said he did not receive any public comments except for Gayle Siemers' call saying he did not receive a letter but made no comments other than to say he could not attend the public hearing tonight.

Mike Maddy said Gayle Siemers' property does not adjoin the property that is being requested for a zone change. He spoke with Siemers today about his property which adjoins the property that is already zoned. The part of the zoning they are planning to extend does not affect his property at all. Sipe said there may be a corner of Siemers property that touches the poverty proposed for a zone change. Thick asked what zone Siemers' property is in. Sipe replied that it is in LRZD. Lies asked if Council has any further questions.

Thick asked if the steepness of the sloping land will make a difference at this point. Maddy said they planned to address that at the subdivision review when all the slope and lot size will be addressed many times over through that process. They would like to get approval of the general concept and with a project this size, they will define the project as they take the steps, in phases. Maddy said for a property that size, it could take ten to fifteen years and they plan to develop only as much of the property as the market will accept it. If the years get better and they can sell ten lots a year they will continue to develop it at a faster pace, but if the market slows down they will also slow down their development and wait for the market to get better. Sipe said there are specific requirements that address hillside development at this time, that are incorporated in the Polson Development Code. That will be reviewed more thoroughly during preliminary subdivision plat review.

Lies clarified that this is just a request for a zone change of some areas and has nothing to do with annexation at this time. Sipe said at this time the developers are seeking approval for the zone change, as he recommended to the Council, that would include a petition of annexation at some time. The zone change would not be triggered until such time that the petition of annexation comes forth with some sort of preliminary proposal. Once that is submitted, it would trigger the zone change which would require a survey to delineate the property line boundaries for the new zoning and then requires Council approval. Lies asked for comments.

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Gary Wicks said he is representing Hib Hansen who has no opposition to this proposal. He wanted to clarify what he heard which is that the zone change would be subject to the City approving an annexation. Sipe said that is the recommendation from the City County Planning Board and also from himself. Lies asked if there are any comments, pro or con.

Mike Maddy said they would prefer if Council did not put time limits on this request regarding annexation requirements, due to the fact that all of the property is in the Wellhead Protection Zone District, either zone one or two. Developing a subdivision outside the City limits will not work on that property. They cannot afford to build a subdivision with City services on four acre lots. He does not totally agree with having to annex at the time of zone change because it complicates things, but it does not matter either way. He feels the City should be more concerned about time limits due to the water situation now and the recent ruling regarding the tribes. Therefore the City should have no time limits in order to protect themselves. They would like to start doing something tomorrow if the City could give them water.

Sipe said the only area that time limits were mentioned were in item three under the Staff Recommendation, which states a five year time frame. With a zone change addressing a large area like this, there are certain state statutes regarding annexation, that require the City to provide services upon annexation of property, within a certain time frame. Therefore, his understanding is that an application has been submitted for a zone change for the purpose of and intent to follow through with the subdivision. The annexation needs to be done because the property is within the Wellhead Protection Overlay District. The condition states that upon annexation into the City, they would start formalizing some proposal on how water and sewer would be provided and how roads would be developed for the project. Those are things that need to be considered. If the development falls through, there is no sense to finalize the zone change because at this time there is no proposal for the development and it would leave it open for transfer of property and could lead to varied uses which may not be in the best interest of the City at this time.

Maddy said because the property is in the Wellhead Protection Zone it would prevent that from ever happening and the City is protected either way. WPOD I prohibits them from any development and WPOD II prohibits development of less than four acres. Vergeront said in WPOD I they do not have to annex into the City. Maddy said their current zoning allows them to develop two acre parcels. Vergeront said whatever property is in WPOD has to be annexed. Maddy said that would be one third of the property. Even the property in WPOD II is allowed to be developed into four acres and they would be better off to stay with the zoning they currently have which allows two acre lots, if they did not want to annex. Lies said this contingency is protection for the developer also in case something happens that they cannot develop this property it would stay in the County and not be annexed into the City. Maddy said he wanted to eliminate the chance that the zoning would revert back in five years and then they would have to request a zone change again. He did not review the Staff Report given to Council before tonight.

Sipe said the motion before Council will be to approve the zone change contingent on the conditions which includes petition for annexation and some proposal being presented within the five year time frame. If that does not happen, then nothing is done and the resolution of intent for a zone change is void and the process of the zone change does not go any further. The zone change will not be triggered and finalized, adjusted and modified on the maps and in the Polson Development Code, until such time as the petition of annexation and submittal of a preliminary plat are presented. At that time, it will trigger drafting the ordinance of the actual zone change. Thick clarified that the Council is only voting on the intent to change the zoning of the proposed property. Sipe said that is the recommendation, to approve the zone change along with the conditions.

Maddy commented that as they develop the property and their perspective clients look at the zoning map as it currently exists they would not be aware of the zone change to follow. They want to have the most liberal zoning there is in order to give their clients information that is clean and up front. If the conditions cover that, then it is fine. Thick said she thinks the conditions as stated cover that. Sipe noted that no buy sell arrangements can be done until such time that the plat is final. Maddy said if the lower section is currently zoned RRZD and they developed a subdivision on the upper part of the property which they would annex and change the zoning to LRZD, those people would question what the zoning was at the bottom, and could assume it was RRZD and not MRZD which it will be changed to. If they only checked the map they would be deceived about the zone.

Thick asked if they are planning to annex this a parcel at a time and not the whole property at one time. Maddy said they plan to annex a parcel at a time. Vergeront said he understood that when this zone change takes place the petition for annexation would be for the whole property to be developed, and not annex piecemeal parcels at a time. Maddy said they did not want the tax consequences of annexing 130 acres into the City. Vergeront said that is not the City's problem. Maddy said then they will divide the property within the County, because on a project this size it would be stupid for them to pay \$20,000 a year in taxes. They would be better off to annex four acre parcels at one time. Vergeront said he was under the impression that when the zone change takes place the whole 128 acres would be annexed into the City. Thick said that is what she understood. Sipe stated that is the recommendation. Maddy said they never implied to agree to that. Funke said that is how Sipe presented it. Vergeront said he would not vote in favor of the zone change unless the whole parcel is annexed at one time. He has seen piecemeal developments being presented and it is hard for the City and the planning boards to take care of unless they know exactly what the plan is. Maddy said with the way the proposed zone change is written they would obviously have to annex into the City but they do not want to annex the whole parcel. They have three legal tracts there anyway. Why would they want to annex all of their commercial property when they do not plan to develop that for five to six or several years.

Vergeront asked if zoning will change for all but the RRZD portion of the property, as shown on the drawing provided by Sipe. Maddy said they are only asking to change zoning of the RRZD to MRZD and LRZD as shown on the drawing provided to Council. Sipe said the way he developed the staff report is to show those portions included within the zone change proposal which will require annexation. The Highway Commercial Zoning District is not included in this portion of the zone change and would not require annexation until such time as there is a development proposal. Vergeront asked how many acres are shown on the drawing including the HCZD zones. Maddy replied there are 80 acres in all and 37 acres of that 80 is already zoned as LRZD and MRZD. Vergeront said if the request is not to change HCZD and only changes the RRZD to LRZD and MRZD, then only those acres would have to be annexed into the City limits. Sipe agreed. Vergeront said that is the only way he would vote in favor of the zone change, so it can be part of a Master Plan in the future. Sipe said that is the importance of the survey, to delineate and specify exactly where the boundaries are for the zoning designations. Vergeront said he sat on the City County Planning Board for many years and has seen many developments presented in a piecemeal fashion instead of having one big master plan.

Maddy said because the property is in the wellhead protection zone it eliminates the piecemeal projects because they have no choice but to get Council approval. He feels it is ridiculous to require them to spend a lot of money for no reason. Vergeront said he is taking Sipe's and the CCPB's recommendation which states that when the RRZD property is changed to LRZD and MRZD, all of that property has to be annexed into the City at one time. HCZD does not have to be included in the annexation. Funke asked what the total acreage of the property is. Maddy replied that the zone change applies

only to 50 acres, and 37 acres is already zoned LRZD and MRZD, for a total of 80 acres. He asked if all of the LRZD and MRZD property will have to be annexed at the time of the zone change. Vergeront said when the zone change occurs all of the property that changed zoning will have to be annexed.

Vergeront asked where the 80 acre property would be contiguous to the City limits. Sipe said it would be Gayle Siemers' property but only if it would be annexed. Vergeront said if Siemers annexation does not go through then Maddy would have to annex the part of their property which is zoned HCZD. Sipe said there are a lot of contingency things that could happen, basically there are four ten acre tracts at the end of Claffey Drive which is about fifty acres which have not been annexed. Until such time that happens, the proposed property is not contiguous in any way except for the northeast portion which is HCZD. According to Montana Codes Annotated, one parcel by itself that is not contiguous cannot be considered for annexation, but several parcels petitioned together to make one contiguous parcel, can be annexed. Annexing the HCZD might be their only option.

Maddy said the reason they are asking for a zone change is because having single family residential development behind a commercial zoning district is not going to sell. They would like to sell the commercial zoning area and then in the future have some multi family development around it and then have single family residential on top of the hill on the property nearest to Gayle Siemers property. Vergeront said he is just trying to get a better picture of the development and if the 50 acres is not annexed then the HCZD has to be annexed into the City limits in order for the other LRZD and MRZD zoned parcels to be annexed into the City. Sipe said he might have to wait until some other annexations occur.

Maddy said they have some other options but they will have to take a serious look at the whole project if they have to start throwing money down the drain from day one if the City makes them subdivide it up front to do smaller sections. If they had known that in the beginning they would have subdivided it into ten pieces at eight acres each and developed them one at a time. Also, the City would not get as good a project if they developed it all at once. To require them to pay taxes on 100 acres is not fair. Vergeront said to him that is the logical way to go and Maddy has the option to withdraw the request. His view from being on the planning board for ten to twelve years is that the whole piece proposed to be developed as either MRZD or LRZD, upon approval of the zone change, all 50 acres would need to come into the City limits, but he is only one vote. Sipe agreed and said that it would not make sense for a developer to keep subdividing and go through the process over and over again.

Maddy said they cannot use the two year rule and the City cannot expect them to take 130 acres and make 200 lots and expect to sell it in two years. Sipe said there is no stipulation of that at all in this recommendation. Maddy said besides that they have to put in the services and the roads within two years. Vergeront said they can go in phases as outlined in a master plan and bond for the improvements. Sipe said the developer has only two years from preliminary approval to get something completed with that phase of development, or it becomes void anyway, under the subdivision review process. Maddy said they do not want time constraints because it could take ten years. Vergeront said that is why five years is proposed.

Maddy said they do not want to annex all the property. Vergeront said they will not have to annex until they go before the planning board with a master plan for the LRZD and the MRZD zoned property. When the master plan gets approved then the zone change would be finalized by passage of an ordinance and the resolution of annexation would also be passed. Maddy asked if they took the wrong approach. Vergeront said they came to the City, the City did not go to them asking them to develop the land. Maddy said they came to the City asking advice on how to do this. Vergeront said that is what the public hearings are for, but he agrees with Sipe's

recommendation and said he would be lacking in common sense to vote for annexing only a portion of the property instead of a master plan being reviewed by the City Council and the planning board for a ten year plan.

Maddy asked if that could be made a condition. They plan on providing the Council with that information and do not have a problem with complying with the master plan, but it appears that the taxes are the developing motivator. Vergeront said that is what the developers have to deal with. Sipe said that is the reasoning why a larger development requires a master plan, the City County Planning Board has a leeway to grant extensions beyond the two year time frame. That is the importance of a Master Plan on a larger project, where they consider the proposed phasing as in the Mission Bay development. They are not bound by the two year time frame of the phased development because they consider that there will be some modifications over a long period of time which is put forth at the time the subdivision is presented. Sipe said his recommendation states that this can happen and is included in the three conditions, at whatever time they are ready to submit a pre application and request for annexation. The annexation could occur jointly with the subdivision review, with the same board and Council approval. If Council approves the proposal at this meeting, then it is up to the developer to put forth a proposal and petition for annexation and acquire preliminary approval, which after it is approved by Council, would trigger the zone change by adoption of an ordinance.

Gary Wicks clarified that as soon as the developer presents a subdivision plan to develop that property with changed zoning, then the City will require that the whole eighty acres to be annexed, and that is Maddy's problem. Maddy agreed and said that is because of the increased tax base. He does not know if the City is ready to give him the services for eighty acres. Vergeront said Maddy stated that this project will take five to ten years. Maddy said if they are going to pay taxes on it they might as well develop all of it, if the City will require them to annex into the City. Vergeront asked Campbell if the services are available. Campbell replied that there are no water main extensions right now, and sewer can be provided if the developer proposes a plan.

Sipe said this has come about because of the request for the zone change. If Maddy does not feel it is in his best interest to annex this property, he should withdraw this proposal until he has a more finalized proposal of the subdivision, then request the zone change and annexation at that time. Sipe said he was told by Maddy that he wanted to have the zone change in place because there is no sense developing the land if the zone change does not happen. Sipe said he feels this is the best way for both parties to protect their interests and still move forward with what is being proposed for the project. The recommendation is not that the City requires annexation immediately but is contingent on the developer designing the subdivision. The Council will vote tonight on whether to approve the zone change contingent upon these things happening.

Wicks suggested that another contingency be required that the developer would have to have a master plan and the schedule of annexation be based on the master plan, both when the City could provide the services and when it is reasonable for the developer to annex. Sipe said that is a good suggestion but at this time he has not been given plans to review and could not say whether that would be in the City's best interest or if it would be better to require annexation of all eighty acres at one time. Wicks said it would be subject to the development of a master plan and a schedule of annexation that works for both the City and the developer. Vergeront said then they would not get the zone change. Maddy said if the zone change were done with a condition on the approval of the master plan and the schedule of annexation. Vergeront said Maddy's first proposal was to annex the piece of property furthest away from the City, not the closest. Maddy clarified that the whole project hinges on annexation of the properties that would make his property contiguous to the City. If that does not happen they might have to wait until those annexations occur. The zoning

is an overall grey scale of what would be where, and the preliminary subdivision approvals will be presented through each step which will be the final plan. What is proposed tonight is an overall concept.

Thick said if the City does not accept annexation of the property then Maddy could go to the County, and in that case the City would not have anything to do with the project. Maddy said he could not have the zone change if he applied to the County today but he would not gain or lose anything. Thick said she understands the County would not change the zoning because of the WPOD. Maddy agreed. Sipe said without any type of plan for development, there is no sense in the zone change and the property could be kept in RRZD zoning. Sipe said Maddy mentioned there was a demand for eighty acres of multi family LRZD zoning but at this time he does not feel there is a demand, although in the future there may be a demand.

Maddy said everything takes so much time and they are trying to move ahead and address the issues they can. They are trying to get an overall concept approved and get a topographic map of the whole property and will try to develop some type of master plan at the first phase, if the property to make it contiguous is annexed into the City. Thick said she feels Maddy can go ahead with the development as he planned if Council approves the recommendation as it is stated. Council cannot approve any more than that because all they have is the developers' ideas. Maddy said that is all he is asking for but until tonight the fact that they would have to annex the whole eighty acres at once was never an issue, with the planning board or the staff reports, this is something new. Sipe said this issue is not new, the recommendation from the City County Planning Board was in fact to recommend approval of the zone change upon the condition of petition of annexation. Maddy said, but not all at once. The specifics were not brought up and it was not determined one way or another because they felt it was too early in the process to address that. Thick said the annexation issue can be addressed at the time when a master plan is presented which could be years from now. Maddy asked that a condition be added that would allow them to at least negotiate on annexation. He does not mind annexing twenty or forty acres with a master plan to show the overall plan. Thick said annexation will also depend on the overall availability of services. Lies asked if there are further comments. No further comments were made. Lies closed the meeting at 7:45 p.m..

#### POLSON CITY COUNCIL MEETING

**CITY COUNCIL MEETING MINUTES - JANUARY 3, 2000:** Thick said she read the minutes of the January 3, 2000 meeting. **Motion Thick, second MacDonald, to approve the City Council Meeting Minutes of January 3, 2000 as printed. Motion carried unanimously.**

**URBAN RENEWAL COMMITTEE UPDATE - TIME EXTENSION REQUEST:** Tim Hinderman said on January 19, 1999 Council passed the ordinance to create the Urban Renewal Planning Commission. At that time the timeline was set up that by August the Commission would submit their review. The charge was to review the draft plan submitted by the Polson Economic Development Corporation in preparing the final draft to be presented for public review and comment and Council consideration. By the time the Council actually appointed the representatives of the Urban Renewal Commission it was June or July, therefore they received an extension of the time frame to present the revised plan. In creating the revised plan the changes are relatively small and few. They felt the document is good and sound and has held together probably ninety-five percent plus. The final section, section nine, deals with implementation and funding which they anticipated to be the most complex issue of the plan. They have elected, in studying funding alternatives, to request an additional extension of time, so they can conduct some economic feasibility research as pertains to the several funding alternatives available. This is not something they anticipated when they started but by the time they got into the funding section which is the last section, it is something they have come to very

recently. At this point their timeline would require approximately two months of additional time. He would not want to commit the commission to exactly two months but if they could get a two to three month extension, they could come to Council with a final review. They anticipate to have the results of the upcoming feasibility study available as they conduct the public sessions as well as presenting it to Council. It is a fairly important part of the puzzle and probably the most important part. He feels it will help answer a lot of questions for the Council in terms of what ifs that are available, as it pertains to, if the district is established and how it is funded. Lies suggested that May 1, which would be Council's first meeting in May. Hinderman said that would be the longest time they would need and they may be able to present their report sooner. He noted that there is a clause which allows the Council to ask some specific questions and keep the commission in tact for an additional sixty days if there are issues that Council wishes to have explored. **Motion Funke, second Morrison, to grant the Urban Renewal Commission an extension of time until May 1, 2000 to present their review of the Urban Renewal Plan, as requested. Motion carried unanimously.**

**ROLFSON SUBDIVISION - REQUEST CITY ACCEPT & MAINTAIN STREETS:** Lee Christensen said he reviewed what took place in 1993 when the City accepted the subdivision. It was with the contingency that after five years had expired the homeowners association could request that the City take over the maintenance of the streets. He recalled the discussions at the Council meeting that there was a lot of concern about the width of the streets and whether the paving on the streets would hold up over a long period of time and that type of thing. As far as he is concerned the concern about the width of the streets was resolved at that meeting because Mr. Rolfson made several concessions regarding one way streets and no on street parking was allowed. The only question was if the streets would hold up over a long period of time. Seven years have gone by and there have been no obvious problems with them, therefore they are now asking if the City would accept the streets. Lies said he spoke with Rod Hanson and he asked if there is a homeowners association actively engaged right now. Lee Christensen replied that he and Hu Beaver have been handling the maintenance. He noted that Mr. Rolfson passed away within a month of a homeowners association being put in place. He started reviewing the rules regulations and bylaws and after Mr. Rolfson passed away Christensen and Beaver did not see the necessity of forming one. The sole purpose of it would have been to plow the streets which they have been doing. Other maintenance has not been necessary. Lies said a condition the City would make is that if there are any cars parked on the street they would refuse to plow. There should be no cars parked in the streets because only off street parking is allowed. Christensen said he has no problem with that at all and enforces that rule around the buildings that he and Hugh Beaver own. Lies said recently he noticed several cars parked on the streets. Rod Hanson told him that they will not assume the liability of damage to cars because of the narrow streets. Hu Beaver said that is his concern also when he plows. Lies said the only concern Hanson had was the liability of the narrow streets with cars parked on them. Christensen said he would notify the homeowners that there is no on street parking. Vergeront suggested that no parking signs should be posted on the streets. Christensen said there was no overnight parking allowed but cars were allowed to park on the streets for parties and special occasions. Lies agreed that it was mainly that residential parking had to be off street, and there was to be no on street parking at all. Beaver said there does not seem to be a big problem with people parking in the streets and they would catch on fast if the plowing was not done. Lies said the parking areas by the apartments would not be considered part of the street and the City would maintain just the roadway. Thick asked what the names of the streets are. Lies said they are Avenue A, B and C and will remain one way streets. Sipe asked under whose ownership the streets are shown at this time and how would the City handle the transfer or dedication. Christensen said that was a question by John Mercer when he was settling the Rolfson Estate. The platted subdivision shows that the platted streets are dedicated to the public but he is sure that the

executor of his estate could formally draw up a deed, although he is of the opinion that the City already owns them. Raymond replied that they are dedicated to the public but not accepted by the City therefore the City has to formally accept them. That might involve a deed and he will contact John Mercer to clarify the action that is required to be taken for the City to have ownership of the streets in Rolfson Addition. Vergeront said there are a lot of streets in the County that are dedicated to the public but are not in the County ownership. Raymond said that happens precisely for this reason. He asked if the estate is still in probate. Christensen said to his knowledge the estate is settled. Raymond said he will discuss it with John Mercer. Morrison asked if the City could consider renaming the streets to make them go in order from 17th Avenue. Lies said we would not have to rename the streets and they could remain the same names because people already have their addresses established and they are not thru streets with only one way traffic. Christensen said the streets in Rolfson Addition do not line up with any thru street at all. Vergeront said the post office would probably like to leave them as they are. Lies agreed. Sipe said the width of the streets and the storm water issues were the big concerns expressed, from his review of the subdivision approval. Vergeront said the streets are all sloping to the north. Christensen said they have not been a problem. MacDonald asked if the service lines are in the streets. Campbell said the majority of the sewer and water lines are off the edge of the street except some lines that are crossing the streets. MacDonald asked if there is access to the lines. Campbell said there is and he believes there were easements given for the lines. Lies said they were 17' easements. Christensen said they did everything they were asked to do, including putting in a fire hydrant. Vergeront said the motion should state that there is no parking on the streets and signs should be posted. Christensen said that is not going to be hard for the City to enforce since it is already established that there is no on street parking in that subdivision. Sipe said the City's street ordinance standards already state that no on street parking is allowed. Funke said he is sure they will take care of it and it will not be a problem for the City. **Motion MacDonald, second Vergeront, to accept the streets in Rolfson Addition as they are at this time and maintain them, keeping the street names as they were. Motion carried unanimously.** Morrison asked if it states in the motion that the City will not plow if there are cars parked on the street. Lies said it was not included. Sipe said the City street standards do not allow on street parking. Thick agreed that the City is covered anyway.

**INTENT TO CHANGE ZONING CONTINGENT ON ANNEXATION - MADDY & GRAN:** Lies said this issue as was discussed at the public hearing in the beginning of this meeting, and asked Council to make a motion to state the Council's intention. **Motion Thick, second Funke, to approve the staff recommendation as presented in the staff report regarding the City's intent to change zoning of property as presented and requested by Maddy and Gran. Motion carried unanimously.**

**EAST HILLSIDE III - INFRASTRUCTURE AGREEMENT:** James Raymond said pursuant to discussion and direction given to him by Council last November, he has been in discussion with Don and Karen Claffey regarding their currently as yet unmet obligations for infrastructure development in East Hillside III subdivision. All this stemmed in part from the problems that the City is experiencing in all of East Hillside subdivisions. In the course of that, he, on behalf of the City, and the Claffeys' negotiated and arrived at an agreement to install infrastructure, a copy of which is attached to the Council's agendas. The final agreement has some minor changes and is not attached to the Council's agenda. The plat attached to the agendas highlights all of streets in Hillside Court and the extension of the road through East Hillside. Whereas, the Hillside Court Road is outside the subdivision and paving it was not a condition of the East Hillside III final plat approval. His discussions with Claffeys was only their obligation regarding East Hillside III subdivision, which is the southwest end of Hillside Court Road shown on the map provided. There are five

tracts all together that are served by this road and only the first five hundred feet of the road is paved. Although an additional six hundred feet including the cul de sac at the end has to be appropriately graded and provision made for storm water runoff etc.. His understanding in reading the minutes and the approval files from East Hillside III was that it was in contemplation that the six hundred foot section and cul de sac would be paved sometime in the future when the bigger tract would finally be developed. He understands that the tract is practically undevelopable because it has very steep slopes. The cul de sac was required by the Fire Chief to be sure to have a spot for fire apparatus to be able to turn around. The agreement speaks for itself although the draft that appears before Council is not the final but the final only varies in minor form. Raymond said the Claffeys have provided him with a letter of credit effective for one year from this month in the amount of \$15,000 from the Community Bank of Pablo. The bid to pave and chipseal the road is about \$4,000 and engineering should not be that expensive, therefore he felt the \$15,000 should cover the costs. Raymond said he spoke with Bob Fulton and he understood that the project would include paving Hillside Court. Raymond said his analysis is that Hillside Court is not part of the Claffeys' obligation. Lies said they are required to bring the road up to City standards and they will have to put crushed gravel before they can do any kind of sealing at all. Raymond said if that is what is required they will have to comply. Lies said he wrote a note to Council stating that it might require more money depending on what the road base is. He assumes they will have to put three to four inches of crushed gravel on it in order to meet the road standards for the City. Raymond said the Claffeys did not have a bid for that but he did tell them that it had to meet the City's street standards and the City engineer will have to inspect it. Don Claffey plans to do all the work himself which might not answer all their needs and they are not aware of the crushed gravel requirement, but are willing to do all that. Lies said the Claffeys will also have to take care of the runoff water. Raymond said the agreement provides that they will get an engineer to tell them what to do. Some options previously mentioned were the grassy swale solution, runoff into the Flathead Irrigation, another was a dry well, another was potential installation of a storm sewer. There were a lot of options debated but the engineer work has to be done up front and the engineer's recommendation needs to be done. Raymond said Claffeys' bond might not be enough and only a guess since he is not an engineer. Lies said Fulton thought the \$15,000 would not be enough. Raymond said that was because Fulton thought all of Hillside Court was included in the project. Lies agreed that for the shortened distance of 600 feet it might be enough. Raymond said if the paving cost is \$4,000 they should be able to get crush for less than that. He asked if Council has additions or deletions to be made to this agreement he would like to know that so they can reach some final agreement and have Claffeys sign off on it. He has the letter of credit for bonding and has the impression that the Claffeys are more than ready to get the work done when the ground thaws. Lies said if Don Claffey is going to do the work then it has to be approved, and hopes that he has a packer to do the job. Loeser asked if the agreement provided to Council is what the Council is approving. Raymond said it is not but he sent a final copy to the Mayor in rapid succession which only had minor modifications. Raymond said this agreement only addresses the Claffeys responsibilities with respect to East Hillside III, and although it does not specifically disclaims any other obligations they might have, and does not address them at all, with regard to any of the other East Hillside problems. This is not a full and final agreement with Claffeys with respect to any obligations they might bear toward the City with respect to East Hillside I or II or Hillside Court or any of the rest of that issues, this is just East Hillside III. Lies asked that Council make a motion. Motion Thick, second MacDonald, to have James Raymond, City Attorney, continue with the agreement between the City and Don and Karen Claffey regarding infrastructure improvements in Hillside III subdivision, and approve the agreement as presented with minor modifications and authorize the Mayor to sign an agreement with Claffeys of a substantive similar agreement. Motion carried unanimously. Sipe asked if that agreement includes

that the City Engineer will inspect the project. Raymond said that is correct.

**MODEL TAVERN LIQUOR LICENSE - TRANSFER OWNERSHIP TO GENE WATNE:** Motion Funke, second Vergeront, to approve the transfer of Liquor License ownership from Barbara King to Gene Watne as proposed. Motion carried unanimously.

**APPROVAL OF INVESTMENTS:** Manicke said she purchased two different investments from a brokerage firm on December 22, 1999. At this time the brokerage firms have a higher rate of return than the local banks. One block of money in the amount of \$310,000 was invested in a US Treasury Bill for a six month term at 5.722% and the second block consisting of \$325,000 in a Federal Home Loan Bank for a term of two years at 6.28%. Vergeront asked who the brokerage firm was. Manicke replied it is Prime Vest whose representative is John Tiskus. Motion MacDonald, second Funke, to approve the investments of \$310,000, US Treasury Bill, six month term at 5.722% and \$325,000, Farm Home Loan Bank, two year term at \$6.28%, as presented. Motion carried unanimously.

**FINAL RECAP REPORT ON SID#24 WOODBINE ESTATES:** Manicke said she provided Council with a report and background information on the Special Improvement District #24, Woodbine Estates. She noted that the final payment left a balance due on the district of \$18,720 which the City will write off. Funke commended Manicke for doing such a good job with this project. The City could have defaulted on the bond issues but Woodbine turned into a very nice subdivision.

**DECEMBER 1999 CASH REPORT:** Manicke presented the December 1999 Cash Report to Council. She noted that there is one negative balance for the DUI Task Force which will balance out when the money comes in from the County around the fifteenth of the month. The receipts to the General Fund of \$214,708 included the payment from the County and the City received another \$100,000 last week in tax revenues. She pointed out that the Golf Operating fund balance is down to \$14,314 and membership letters should be going out with revenue coming in soon. We will look forward to that as a boost before the golf season starts. She noted that SID#24 is at a zero balance and will not show up again on the cash report. The reverse side of the cash report shows the investments and sufficient cash flow to take care of expenses. Motion MacDonald, second Funke, to approve the December 1999 Cash Report as presented. Motion carried unanimously.

**AERO - GROWTH SUMMIT SEMINAR - HELENA - JANUARY 21, 2000 - HELENA - SIPE:** Lies asked Council approval for Monte Sipe to attend a seminar in Helena, on January 21, 2000 called Big Sky or Big Sprawl presented by Alternative Energy Resources Organization. Registration is \$30.00 plus expenses \$182.84. Motion MacDonald, second Funke, to approve Sipe's attendance in Helena, called Big Sky or Big Sprawl, on January 21, 2000, as requested. Motion carried unanimously.

**REGIONAL RESOURCE CONSERVATION DEVELOPMENT:** Lies said he received a request for the City to be a member of RC&D which costs \$50 per year. Their offices were located in Polson and moved to Libby about a year ago. He has attended some of their meetings and has not been thrilled with the results because they spent too much time on rewriting their by laws. The organization is a source of funding for various projects related to conservation for the northwest area. MacDonald said he would leave it up to the Mayor and the City could use restraint and not join. Lies asked if Council wishes the City to be a member which would involve attendance at their meetings. Greg Larson of Minnesota was newly hired and things might change with new leadership. Motion Morrison, second Thick, that the City join RRC&D and pay the \$50 annual membership dues. Motion carried. MacDonald opposed.

**QUARTERLY EXPENDITURE AND REVENUE REPORTS:** Lies noted that Looser gave Council the quarterly expenditure and revenue reports which he asked them to review since we are half way through our fiscal year.

LAKE COUNTY LANDFILL: Morrison asked that Council write a letter to the Lake County Commissioners stating the City's position on their decision to ignore the Solid Waste Board's decision. MacDonald agreed and felt there are many years of service left on the existing landfill and also felt that they received some bad advice from the engineers they hired. Lies said he would send a letter on behalf of the Council. Motion Morrison, second Funke, that the Mayor send a letter to the Lake County Commissioners stating the City's position on their recent decision regarding the landfill. Motion carried unanimously.

Lies said he wrote a letter to MDOT asking for reduced speed limits on Highways 35 and 93 approaching the City of Polson.

UPDATE ON WATER WELLS: Campbell gave Council a report on the progress of the water wells. He asked if Council would appoint a small committee for the West Shore Well project to look at some options to hire an engineer firm on contract to start designing the tank and the distribution system. He noted that they can go through the proposal process or use the engineer they currently have on contract who built the last two concrete reservoirs, by extending their contract. Council can consider the options or appoint a committee tonight to keep the process going. MacDonald said they should proceed. Campbell said if they proceed with the planning stages now they possibly could have construction started by next summer. Lies asked which Council members are interested in serving on the committee. MacDonald, Lies and Funke volunteered for the committee.

Campbell said the sewer construction project is scheduled for this summer and the plans were recently submitted to the State.

Meeting adjourned at 8:45 p.m..

ATTEST:

Aggi G. Loeser  
Aggi G. Loeser, City Clerk

Michael Lies, Mayor