

**POLSON CITY COUNCIL MEETING  
CITY HALL COUNCIL CHAMBERS  
MONDAY, MAY 2, 2005, 6:00 P.M.**

**ATTENDANCE:** City Council – Lou Marchello, Mark MacDonald, Jules Clavadetscher, Dan Morrison. Mike Maddy absent from his Council seat. Mayor Randy Ingram presiding. City Attorney James Raymond present. Others Present: Jim White, Bill Peterson, Rick Johnson, Ron Grogan, Hub Dykstra, Bruce Campbell, Linda Campbell, Rick Van Voast, Dave Sheesley, Cindy & Larry Lawin, Walter C. Zollars, Jr, Keith O. Nelson, Harry Britton, Lee Manicke, Elsa Duford, Joyce Norman Marc Carstens, Keith McAlear, John Lainsdeer, John Stromnes, Dennis Duty, Scott Anderson, Ethan Smith, Tony Porrizzo, Bob Fulton, Mike Maddy, Matt O'Neill, Marlo Maddy, Jeff Young, Becky Dupuis, Rick Heinz, Carol Jones, Elva Gessaman, Joan McDermott, Rrory Horning, Margie Hendricks, Don McMillan, Gayle Siemers, Bob Williams, Bill Wilkins, David Wolf, Ric Smith Tim McGinnis, Mary Sale, Carolyn Heinz, J. Pierce Scarlett, Tex Brown, Gene Johnson, Jim Sohm.

**PUBLIC HEARING – CITY OF POLSON - PRELIMINARY ENGINEERING REPORT - WATER SUPPLY AND DISTRIBUTION SYSTEM** – Scott Anderson, of Anderson-Montgomery Consulting Engineers, made a presentation on the preliminary engineering report of the City of Polson's water supply and distribution system. He noted that the purpose of this public hearing is to get public comment on this engineering report. They were hired roughly a year ago to do a preliminary engineering report and the project scope was to focus on the distribution system. The City was having some problems with old mains and at the same time they indicated that they wanted to pursue some grant assistance for meter projects in the future. They suggested that they should also do water supply and storage which helps with grant funding. Since then there has been a shift from the City's distribution system to water supply, due to some other things going on in the community. They told the City that to do a good job on this report they need to do a computer water model of the distribution system, which was done in 1989 and several recommendations made at that time have been taken care of. They used the same consulting firm, Thomas Dean and Hoskins, to update the 1989 model. In their PER they try to address short and long term water system problems, develop a financial plan, pursue financial assistance and keep the public informed. He explained that a PER is an analysis of the existing system, it identifies system deficiencies both current and future regulatory issues, evaluates viable solutions, develops costs, identifies the most cost effective option, develops a workable financial plan, assesses environmental impacts and provides an implementation strategy.

The keys to a successful preliminary engineering report is that it documents need, complies with the PER outline, has reasonable capital and O&M costs, addresses existing and future regulations, has a workable financial plan and encourages public involvement.

Scott Anderson explained the project design criteria showing comparisons of the City's existing and projected water use, the population projections and the water demand, from 2001 through 2025. He showed the effect on the water demand and supply with the largest well in service and out of service from 2005 through 2025. He pointed out the City's water supply problems, stating that additional water is needed to meet the anticipated peak demand, wells have a limited capacity iron removal system, a number of malfunctioning water meters, complex water rights issues exist, Polson has variable aquifer characteristics, there is limited data on peak use and aquifer response and the existing drought conditions.

Activities to address water supply issues were recommended as follows, to obtain new sources of groundwater, expand iron removal system, replace all malfunctioning water meters, remain involved in all water rights negotiations, further investigate existing rights and expand monitoring of water.

He identified distribution system problems, low pressures and lack of adequate flow to fight fires at the High School, low pressures and lack of adequate flow to fight fires in the downtown area, hydraulic restrictions from undersized mains, low pressures in Mission View Area, looping of water mains on the West Shore, Wal Mart and Skyline Tanks. The suggested resolution of the distribution system problems were identified as follows, improvements for High School fire protection, downtown water main improvements, eliminate hydraulic restrictions, improve Mission View pressure district, water main looping and ongoing Capital Improvement Program for undersized mains. Storage tank needs are to replace deteriorated Hillcrest Concrete Tanks, add storage for fire protection at Skyline or Woodbine locations, to renovate the interior tank coating on Skyline storage tank.

He provided a chart showing the alternative evaluation of the improvements to the water supply, distribution and storage, which were rated by relative priority and followed by a cost summary for each of the improvements. Priority A total was \$4,647,279 and included Water Supply improvements for the East Side Well at \$176,640, Distribution improvements at the High School for fire protection \$541,280 and downtown fire protection \$1,196,215; storage improvements were alternate one,

Hillcrest Storage Tank \$1,003,000, alternate 3 1 MG Concrete tank \$1,680,144 and rehab the Skyline Tank \$50,000. Priority B total was \$745,919 and included distribution improvements to upgrade hydraulic restrictions \$606,519 and the Mission View pressure district \$139,400. Priority C was distribution improvements involving looping projects \$1,105,476. Total improvements priority A, B and C were \$6,498,674.

The financial assistance options for the City were identified as, Treasure State Endowment program, potential grant of \$750,000, DNRC Renewable Resources Grant up to \$100,000, CDBG Grant up to \$500,000, Montana State Revolving Loan Fund, at 2.75% and 3.75% loans, up to 30 year term. He presented a possible project budget for the improvement projects and the potential new rates for water and sewer. He noted that the current typical water rate is \$19.50 and the sewer rate is \$16.60, which is a combined rate of \$36.10. The City of Polson's potential rate increase of \$13.65 would yield a new combined rate of \$49.75. While the target rate used for funding is \$37.75. Other funding scenarios are to extend a loan term, seek \$500,000 CDBG grant, divide projects into smaller components and install sprinklers in High School.

The potential project schedule he proposed was to complete the PER this spring, develop a Capital Improvement Program, submit grant applications which are due May 2006 with grant funds available in the Summer of 2007. Interim measures would be to expand iron removal, drill test well, install a production well, replace water meters, rehab the Skyline Storage Tank. He also recommended that the City consider implementing a detail water modeling computer software system that could be utilized by developers to evaluate the impact of their proposed development on the City's utility system which would cost approximately \$4,000.

Councilman Clavadetscher asked Scott Anderson if he factored in the additional iron filter on the west shore pump when he made the statement that the City would have a problem meeting peak daily demand. Scott Anderson replied that they looked at it with and without and actually the problem is more immediate if the City doesn't expand the iron removal system this summer. Even with the iron removal system on line it is their recommendation based on their analysis of the data, that the City will need additional water supplies within the next five years. Councilman Clavadetscher asked if his timeline has changed after his conversations today with others who reviewed his documents. Scott Anderson replied that they looked at the worst case scenario and convinced him to a certain extent that the problem of water supply is a little more immediate than he had suggested. But to a large extent, he indicated that there is a problem with water supply and it needs to be addressed. He believes the City is doing what they need to do to address that problem at this point and time. That is on the presumption that they expand the iron removal system, replace the water meters and initiate this study, which is part of the process. They have looked at water rights, and initiated a study that expands the surface water plant, and developing wells on the east shore. Therefore he believes the City is doing the things within their abilities to address the problem but the problem still exists and the City still needs to get additional sources of water. Councilman Clavadetscher asked, based on the bulk of the study, which deals with the mains, pumping structure and distribution of the City's water system, if the City would not build another house, would those recommendations would still stand. Scott Anderson replied that what is really driving the recommendations is probably the fire flow situation. It doesn't happen day in and day out that you have to fight a fire but if the City got into that situation they would want the water flow to be able to do it.

Bob Williams asked Scott Anderson to elaborate on his comments regarding low water pressure, which is a potential for public health and safety issues. Scott Anderson replied that he was talking primarily about significantly increases potential for cross connections, create negative pressures and can draw things up into the water systems. It essentially can create backward flow and low pressures can aggravate that problem. Bob Williams asked if Skyline 3 which has low water pressure situation, because it is above the City, it has quite a potential for contamination to the rest of the City. Scott Anderson said that is a good point. If you have a negative pressure and it draws something into the water system, it certainly could affect things down stream. Bob Williams asked if it should not be a higher priority for health and safety issue reasons. Scott Anderson replied that it could be rated higher but the reason it is lower in the system of assigning priorities is because it is a fairly small area. Bob Williams stated that although it is a small area has the potential to contaminate the rest of the City, which is a larger area. Scott Anderson replied that is a good point.

Walt Zollars asked what percentage of his report is pertinent to the Cougar Ridge Development and necessitated by that development. Scott Anderson replied that is zero percent. When he started this project he never heard of Cougar Ridge before. Walt Zollars asked if the report is merely to keep the current system adequate. Scott Anderson replied that it is for current need and looked at future growth but they didn't look at growth from any specific development. They had the growth percentage and assigned growth throughout the community as well as on the periphery. They were not hired to look at the Cougar Ridge development although it was stated in the newspaper that they were but that was incorrect. They were hired initially because of Tony Porrazzo's concerns about the distribution

system, which was their first focus when they first started, and then later the focus included water supply concerns.

Don McMillan asked if the millions of dollars in loans are calculated into the user rate calculations Scott Anderson provided or is that done separately through taxes. Scott Anderson replied that proposal was under the assumption that the City would issue a revenue bond payable through collection of user rates, so it is a direct cost connected to water users. The City could do it through taxes and other funding mechanisms, but typically in municipalities it is done through revenue bonds.

Bob Williams asked if there is any guarantee that the City will get all these grants and what percentage will the City get. Scott Anderson replied that he would never guarantee that the City would get the grant. The TSEP program has been well funded, which is money from the coal severance tax fund, and have roughly as many applications as they have funds available to them in the last round. Consequently if the City applied for the TSEP grant their chances would be good, and that's why they raised that grant amount from \$500,000 to \$750,000. He can't predict supply and demand on grant monies. In other years it has been quite competitive. The DNRC program is more competitive than the TSEP program, which is a program open to irrigators, for people building dams and anything associated with water use and water conservation and it is quite competitive. The CDBG program is again a very competitive program, he can't predict the number of people applying. In some years they have more money than applicants and other years they have far more applicants than grant money. It is functioned on the percentage of low to moderate income users in the community. He presumes that since the City of Polson has been successful in obtaining CDBG grants that they would most likely do well in qualifying, although he can't guarantee anything in that regard. The City has good chances with each program having different focus. TSEP focuses on public health need and environmental need. DNRC looks at that and also looks at water resource and water conservation, for example meters do very well in qualifying for this program because they conserve water. Water Main is replacing old leaky mains would also do well in the DNRC program. CDBG program looks at public health needs and also looks at medium and the higher percentage of low income users. The City of Polson has qualified for the CDBG program in the past, having 56% low to moderate income users of the median household income and it requires above 50% to qualify. He wrote the last TSEP and DNRC grant application for Polson, which were both successful in getting grant funds.

Matt O'Neill asked, when he set up the rate increases if he factored in impact fees and connection fees, and were they included in the costs and user rate increase proposal. Scott Anderson replied that he did not, and noted that quite often, he assumes that the City would not borrow all the cost of the improvements and there is a column for City contributions but has no money in that. If the City has a replacement fund that has been building over the years, which a lot of City's do, then they certainly can apply them, which would lower those rates. City's often have debt service reserve within their coffers and rather than borrow the funds they will use those reserves. There are a lot of things the City could do and the more money they put into the project the more likelihood their application would get approved.

Cindy Johnson asked if the current growth rate has been factored in instead of the old growth rate, which was much lower, and it is growing at a much faster rate. Scott Anderson replied that they did base it on historical growth rates, looking at the past two decades of growth rate in the County. They allowed a little buffer and added ten percent to the growth rate, but it is hard to predict.

Rick Smith asked if there are a large number of broken meters, which would cause it to be a factor. Scott Anderson replied that there are about 300 broken meters out of 2,000 user accounts. It's not a huge percentage but the meters need to be replaced and it's kind of gravy and he understands the City is committed to replacing them.

Carol Jones asked if his report included Mission Bay Development and asked what well they draw from and what their water pressure is. Tony Porrazzo replied that they draw from two zones, and have two different sources. Scott Anderson stated that theoretically in community wells the closest well provides the water for a building. Their modeling didn't indicate that there was a pressure problem in the Mission Bay area, or problems with the fire flow, like in the High School and Mission View area.

Mike Corcoran asked if the expanded treatment for wells six and seven are implemented, will the present distribution system allow bringing the water from those wells across the river. Scott Anderson replied that the main lines from the wells to the river crossing are twelve inch lines. The river crossing is a fourteen inch line and continues on the City side with a twelve inch line from the river to a section of the downtown. He referred to his proposal that there are some mains in the downtown area that would function better and would utilize that water better if the upside of the lines were upgraded to a twelve inch main. Getting across the river is fine but utilizing those wells and other storage tanks within the City would require the hydraulic improvements that were recommended in the report for the downtown area, although the City is utilizing the water now, it is not to full capacity. Bob Williams