

**POLSON CITY COMMISSION MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
MONDAY, APRIL 16, 2012**

ATTENDANCE: City Commissioners: Todd Erickson, John Campbell, Stephen Turner, Mike Lies, Dan Morrison, Fred Funke and Mayor Pat DeVries presiding. City Attorney James Raymond, City Manager Todd Crossett, City Clerk Cindy Dooley, Water & Sewer Superintendent Tony Porrazzo, Streets Superintendent Terry Gembala, and Building & Planning Official Joyce Weaver present. Others present (that signed in) Dennis DeVries, Agnes Rinehart, Ken Siler, Joslyn Shackelford, Mark Shackelford, Paul London, Margie Hendricks, Janna Taylor, Elsa Duford, Murat Kalinyaprak, Shon Johnson, Judy Preston, Gordon Zimmerman, Dennis Duty and Ric Smith.

Mayor Pat DeVries called the meeting to order. The pledge of allegiance was recited.

APPROVAL OF PROPOSED AGENDA: Commissioner Lies moved to accept the proposed agenda, seconded by Commissioner Turner. Commission discussion: None. Public discussion: Bob Fulton expressed his concern about the length of the agenda and asked that item 9, the first reading on Ordinance 661, be tabled until the next meeting since it was the last item on the agenda and that a public hearing be held to discuss the numerous changes between this Ordinance and Ordinance 624. **Motion carried unanimously.**

CONSENT AGENDA:

A. MARCH 30 – APRIL 12 CLAIMS

Commissioner Lies moved to approve the consent agenda for March 30th – April 12th claims, seconded by Commissioner Campbell. Commission discussion: None. Public discussion: None. **Motion carried unanimously.**

COMMISSION MEETING MINUTES APRIL 2, 2012: Commissioner Campbell moved to approve the commission meeting minutes of April 2, 2012, seconded by Commissioner Funke. Commission discussion: None. Public discussion: None. **Motion carried unanimously.**

CITY MANAGER COMMENTS:

City Clerk Dooley is meeting individually with department heads to go over their preliminary budget requests.

The Polson Development Code rewrite committee is holding meetings.

Meetings are being held to work on detailed plans for the Orton grant.

A partnership with the Salish building owners is being worked out for the marina project and trail system along Sacajawea Park.

A training session for quasi-judicial boards which include the City County Planning Board and Board of Adjustments is being developed.

The Parks and Streets departments have begun cleaning up after the winter weather. The Envision Polson! Cleanup-Greenup committee will have their City-wide cleanup on May 5th & 6th. It was very

successful last year and should be well supported again. The City staff along with the Boy Scouts will pick up organic waste such as leaves and branches on May 18th. This waste can be left by the curb to pick up or if you need help getting it to the curb, contact the City and a crew of Boy Scouts will be available to help.

There are four trees on Main Street that will need to be replaced due to breakage over the winter. The parks department is looking at ways to protect the trees better. The permanent striping on Main Street will be done this year. If there are concerns about this please contact City Manager Crossett. This is the last season of warranty on items connected with the Streetscape project so those issues will be taken care of. There are plans to organize a Town Hall style meeting with the main street property owners and businesses prior to the permanent striping being done.

There will be a meeting on the Skyline project soon to go over the final plans and ready the project for bids. LS Jensen is currently finishing project items from last year and the City water and sewer department is also finishing their projects.

NEW BUSINESS

REVIEW OF PRA ACTIVITIES AND RECOMMENDATION ON INVESTMENT OF TIF FUNDS:

Jules Clavadetscher spoke on behalf of the PRA (Polson Redevelopment Agency). The PRA was established to manage the Urban Renewal District which was created by Resolution 739. It can exercise urban renewal project powers specifically granted to it by the City Commission through MCA 7-15-4233. These powers include formulating an urban renewal plan, undertaking and carrying out urban renewal projects, entering into contracts specified by MCA code except for the purchase and sale of real or personal property. Projects can be funded by many different sources including tax increment financing (TIF) district funds. On April 18, 2011 the PRA presented a project plan to the City Commission which was approved. This consisted of four items: 1) conduct an inspection of the Gambles building for hazards, including mold and asbestosis, 2) contact the Washington Group to determine their plans for the railroad property, 3) contact the Washington Group to determine their plans for additional Polson lots located in the Central Business District, and 4) consider an observation tower to be located on Salish Point to create tourist interest. Mr. Clavadetscher and Commissioner Erickson met with the Washington Group and Montana Rail Link (MRL) concerning the railroad property. The property is contaminated and MRL is working with the Montana Department of Environmental Quality to clean it up, a process that may take two to three years. The PRA then refocused its activities on the Gambles building. The building is free of mold and asbestosis, but the roof does not meet current building codes and would need to be replaced if the City acquired it. The PRA is in the process of obtaining a commercial appraisal of the building which should be available by the end of April. The PRA will then make a recommendation to the City Commission on how to proceed on the Gambles building. Mr. Clavadetscher presented an unanticipated project that was recently presented to the PRA regarding construction of a trail along Sacajawea Park that would eventually tie into the bike path being created in Riverside Park by a walkway under the Arms Forces Memorial Bridge. The City's TIF fund has \$124,832.97 in available cash and is anticipating another \$86,699.36 in second half 2011 taxes if there are no delinquencies. The PRA met and unanimously approved a motion to recommend to the City Commission to use tax increment financing cash in the amount of \$85,000 to pay for a walkway through Sacajawea Park to abut the Salish Building boardwalk. Mr. Clavadetscher asked the City Commission to accept their recommendation.

City Manager Crossett expanded on the plan for the construction with an illustration drawn on the white board. The City has substantial lake frontage along Sacajawea Park with a seawall to protect the

shoreline. The City traded a portion of their slip allotment (allowing the Salish Marina project to build more slips) for public access by trail across the Salish Building property and several public tie-ups along the outside of the marina. The proposed project involves an extension of the Salish Building's planned boardwalk further down onto the City's property. The City would then need to finish the remaining trail, putting in rip rap to protect the shoreline and then building a concrete walkway on top of the rip rap with a railing that would follow the shoreline to the Salish Point parking area. The City would have 142 linear feet, the Salish would have 256 linear feet and Glacier Bank would have 53 linear feet of trail. The unfinished piece will then be the walkway under the bridge which would be an entirely separate project that will need approval by CSKT Shoreline Protection. The Salish Committee is in favor of the current trail plan. The proposed trail would provide boaters access to the downtown area, the parks and Salish Point and provide a nice esthetic. If the project is approved, construction could begin soon and be ready for summer traffic.

Commissioner Morrison made a motion to accept the recommendation of the PRA to use TIF funds in the amount of \$85,000 to fund the trail project through Sacajawea Park, seconded by Commissioner Funke. Commission discussion: Commissioner Campbell asked if the project would require a formal bid process. City Manager Crossett said that it is not clear at this point whether that would be required. Commissioner Campbell is concerned that local tax dollars would go to out-of-town or out-of-state vendors. Commissioner Erickson questioned what problems might be encountered in completing the walkway under the bridge. City Manager Crossett responded that the CSKT Shoreline Protection would be the governing body that the City would work with. MDT would also be consulted for any concerns they would have. There has been a lot of support from the Salish Point committee which is a joint committee between the City and the Tribal government. City Manager Crossett said there are no guarantees that the walkway would be completed but the support is there for the project. Public discussion: Murat Kalinyaprak asked for clarification on the trading of shoreline for the Salish Marina walkways. Mayor DeVries responded that the City has not traded actual property, only the footage allotment for boat slips which the City would no longer be able to use for building boat slips. It amounted to about 44 feet of footage. In exchange, the Salish Marina will finish off a portion of the boardwalk on the City's property. Mayor DeVries also stated that each year we are losing valuable park land because the seawall does not extend down the entire shoreline and this project would fix that. Elsa Duford questioned whether the walkway under the bridge could become a safety issue because it would allow young children access to the Sacajawea Park side. Mayor DeVries responded that we would possibly be increasing safety by reducing foot traffic across Highway 93. Paul London is in favor of the project. He commented that it opens up a huge corridor for downtown as-well-as additional walking and hiking opportunities. Commissioner Campbell commented that this type of project used to be discussed when deciding what to do with the sidewalk fund money; but this is the closest we have come to a realization of the project. **Motion carried unanimously.**

PRESENTATION OF UPDATED WATER PER REPORT AND ENVIRONMENTAL ASSESSMENT:

Paul Montgomery, P.E. from Anderson-Montgomery Consulting Engineers located in Helena gave a power point presentation on the 2012 Water Preliminary Engineer's Report (PER). This update of the 2010 Water PER will be used to apply for a Treasure State Endowment Program (TSEP) grant in the amount of \$625,000. The application deadline is May 4, 2012. The projects outlined in the report are construction of a new well on the South Shore and replacement and upsizing of water mains in the original Polson town site area. The total cost of the project is estimated at \$1,480,620. The City has already received a \$100,000 grant from DNRC for the projects. If the TSEP grant is received, the project would require another \$755,620 which would be in the form of a loan from the Montana State Revolving Loan Fund. The City currently has five functioning groundwater wells and seven storage tanks (two

500,000 gallon tanks were completed in 2011). The PER uses a growth rate of 3% per year for the Polson area based on indications of a recovering economy, current increased demand, and the number of people living outside the City boundary who will possibly be connecting to water and sewer in the future through annexation and other means. Both the Transportation Study and the Growth Policy used a growth rate of 1.4% but neither study considered annexation. Based on the 3% growth rate, the City will have supply issues starting in 2032 when the demand for water will exceed the pumping capacity. If the largest well was out of service, the demand would exceed the pumping capacity starting in 2022. Margie Hendricks questioned the slide showing the usage of the wells in 2011. Mr. Montgomery explained that the City has a total of 7 wells, but well #1 is not being used because it has sand in the water and currently well #5 is not used due to capacity issues. Wells #6 & #7 are on the West Shore and are only used as needed because the water requires treatment to remove iron. Murat Kalinyaprak asked about the MDD (Maximum Day Demand) and what would currently happen if the largest well were to be out of service in the peak month of July. Mr. Montgomery responded that well #7 on the West Shore would be turned on to add the needed capacity. The MDD is a calculated figure based on State Water Design standards and is 2.2 times the average day demand. Ric Smith asked why well #1 is included if it has not been used for many years. Mr. Montgomery responded that it has not been used for 10-12 years and will most likely be abandoned; however it has water rights that will need to be transferred to another well. Well #1 and well #5 were not included in the calculations to determine MDD. Mr. Montgomery further commented that the water rights issues with the Tribal government will need to be considered. He suggested that the City engage a water rights expert to deal with the Tribal government and the transfer of rights from one well to another. Murat Kalinyaprak stated that at the last golf board meeting it was mentioned that well #1 may be used for irrigation. Mr. Montgomery commented that this would complicate the transfer of the water right; he is not sure how suitable the well is for irrigation purposes and that would need to be looked into. In researching supply solutions, the City needs to look at the high percentage of UAW (Unaccounted for Water) which runs about 22% - 31% on a yearly average. The UAW is well capacity that is being lost, either because it is not being metered to a residence or business or some other means such as pipe leakage. Based on a study by Roger Noble, P.G. of Applied Water Consulting that was presented to the City Council, a location on the South Shore along Highway 35 presents the best option for drilling the new well. The aquifer characteristics at this site appear to be favorable with good quality water and capacity. Margie Hendricks asked if this is the same location that the test wells were drilled at and has the land been purchased. Water and Sewer Superintendent Porrazzo responded that this is a different location on the south side of the highway and the land has not been purchased as there would be additional testing that the City would do before making the purchase. The updated PER also incorporates the results from the Hydraulic Modeling performed by TD&H in 2010. This is a computer model where data is input about the current system and then the modeling predicts the behavior of the water system under ordinary and stress (extreme demand conditions such as a major fire) conditions, showing areas of low pressure, insufficient storage and other issues. Based on the modeling the City is in good shape for water storage at this point with the completion of the two tanks in 2011. A future project may include additional storage near the existing Woodbine tank. The other area that the model considers is distribution system issues, which is a top priority for this TSEP application. The original Polson townsite area north of Highway 93 has undersized mains which need to be upgraded and this will be considered in the 2012 grant application. There is currently a project in progress to connect the Skyline tanks to the Woodbine tank to increase fire flows because the Woodbine Tank behaves strangely during high demand conditions. Commissioner Campbell asked if the Hydraulic Modeling would be redone after the completion of this project. Mr. Montgomery indicated that it would be redone which may lower the priority for some projects. The cost of the project for ratepayers would be approximately \$2.95 per month for debt service on the SRF loan over a 20 year period and \$.64 per month for operations and maintenance which totals to \$3.58 per month if the grant funding is obtained. If the

TSEP grant is not received, the debt funding would be increased which would create a \$6.41 per month cost. The potential project schedule would be grant funds received in Summer 2013, project design during the remainder of 2013, and bid and construction in 2014. The impacts of the project as expressed in the Environmental Assessment report are dust, noise, safety and traffic flow issues during the construction in the downtown area. The new well on the South Shore could impact water flows on private wells in the area but it would be very marginal. To further the grant application, it would be helpful if citizens would send a letter of support for the project. These can be delivered to City Clerk Dooley to be put with the application. There is also a "petition" that can be signed indicating support for the project. One of the criteria for awarding the TSEP grants is the amount of public support there is for the project. Murat Kalinyaprak asked if there is a requirement for a public hearing. Mr. Montgomery responded that the requirement is that the public be informed and educated on the matter and this can be accomplished through public hearings or regular commission meetings. There was a public hearing held on April 5, 2010 that studied the 2010 PER in detail. Ric Smith asked what an acceptable UAW would be for this area. Mr. Montgomery responded that 10 - 11% would be about average. Superintendent Porrazzo further expanded on this by saying that the City has looked into this and feels that we are not really losing 20 - 30% of water because of public water usage on the golf course and parks that we do not meter. Those sites are starting to be metered so we can get a more accurate idea of what the actual UAW is. Margie Hendricks questioned how the construction of a new well could be included in the environmental assessment if we do not know the exact location of the well. Mr. Montgomery explained that the well location is detailed in the Roger Noble report and he is aware of the general vicinity of the well and can assess the impact based on those factors. Superintendent Porrazzo further explained that there are water quality regulations that must be followed and the City would never consider a well in a contaminated area. The well location that has been picked is in a good area and meets the water quality standards. Margie Hendricks asked why we have not already consulted a water rights specialist. Mr. Montgomery replied that it would be premature to start working on the water rights until the additional testing has been done on the well site to determine that this will be the location. Margie Hendricks asked if the surrounding wells will be tested to determine the actual effects on those private wells. Mr. Montgomery responded that that would happen during the test well phase. Murat Kalinyaprak questioned how the West Shore well could be used to supplement the Polson area (how would the water be transferred to town). Mr. Montgomery explained that there is a permanent 14" line under the water near the bridge that can transfer that water to town. The PER, Environmental Assessment and power point presentation will be available on the City's website.

APPROVE RESOLUTION NO. 1024 TO ACCEPT THE WATER PER: Commissioner Campbell made a motion to approve Resolution #1024 accepting the Water PER, seconded by Commissioner Lies. Commission discussion: None. Public discussion: None. Motion carried unanimously.

APPROVE RESOLUTION NO. 1025 EXEMPTING THE 2010 WATER IMPROVEMENTS PROJECT FROM FURTHER ENVIRONMENTAL REVIEW: Commissioner Campbell made a motion to approve Resolution #1025, seconded by Commissioner Lies. Commission discussion: None. Public discussion: None. Motion carried unanimously.

APPROVE RESOLUTION NO. 1026 AUTHORIZING THE CITY MANAGER AND ANDERSON-MONTGOMERY CONSULTING ENGINEERS TO SUBMIT THE 2012 TSEP APPLICATION: Commissioner Lies made a motion to approve Resolution #1026, seconded by Commissioner Erickson. Commission discussion: None. Public discussion: None. Motion carried unanimously.

A short recess was called by Mayor DeVries before proceeding with the remaining agenda items.

PDC ZONE CHANGE ON TIMBERWOLF ESTATE CONDOMINIUMS FROM LRZD WITH RROD TO XRZD WITH RROD: Mayor DeVries turned the presentation over to Building and Planning Official Joyce Weaver. Timberwolf Estates Condominiums which is presently a condominium development has requested a zone change from a Low Density Residential Zoning District (LRZD) to a Mixed-Use Residential Zoning District (XRZD) that maintains the Residential Resort Overlay District (RROD). This zone change would allow single family and multi-family residences. The City County Planning Board (CCPB) met on March 13, 2012 to review this zone change. The draft minutes of that meeting are in the agenda packet along with Building and Planning Official Weaver's staff report. The CCPB unanimously approved the zone change with the following condition changes: adding the wording private road in condition #14 and scratching accesses; and adding in condition #11 that the Permittee shall retain all new water runoff as defined by DEQ regulations on the property. Building and Planning Official Weaver stated that if the commission does not approve the zone change then the applicant would not go forward with the major 38 lot subdivision preliminary approval. The Zoning Commission Board (ZCB) (which is the same body as the CCPB) also unanimously recommended the zone change with conditions stated in the staff report. Per the ZCB discussion on March 13, 2012 the RROD could be removed if the commission voted to do so.

Dennis Duty representing the Timberwolf Homeowners Association and S and S Development spoke in favor of the zone change. He stated that previous subdivisions such as Vicwood have asked for variances within their zoning districts. Instead, he would like the zoning district to fit the project so variances are not needed. The zone change to XRZD would fit this project. Also, condominium financing is relatively impossible to obtain at this time so this zoning change would make the parcels more saleable. Commissioner Turner asked how the current homeowners feel about the zone change. Dennis Duty responded that 100% are in favor of this zone change. Commissioner Campbell asked if the homeowners want to retain the RROD. Dennis Duty said that it may be advantageous to leave it, in case the homeowners want to put in a tennis court which would be allowed in the resort overlay. He acknowledged that there has been some confusion with the RROD especially on Bayshore Drive which will probably be addressed in the re-write of the Development Code, so he would suggest leaving it as-is and then making the change when it is addressed in the new Development Code. Commissioner Lies stated that there should not be an RROD in this area since it is not a resort area. He further stated that in order to have single family housing the lot size would need to be in excess of 5,000 sq. ft. and the proposed lot sizes are around 3,000 sq. ft. Marc Carstens responded that a reduced size is allowed if the homes are side-by-side, duplex style. Building and Planning Official Weaver stated that on page 18h of her report the minimum lot size is stated as 5,400 sq. ft for single family and 3,400 for townhomes. Commissioner Lies asked if some of the lots would be combined so that single family dwellings could be built. Dennis Duty responded that this would be the case if any single family homes are planned. Mayor DeVries commented that at the CCPB meeting there were several homeowners in attendance who spoke in favor of the zone change and Building and Planning Official Weaver included a written letter of support from a citizen in her staff report on page 17. Duane Smith representing S and S Development commented that the homeowners have contributed their own money to help foster the zone change and subdivision development.

Commissioner Morrison made a motion to approve the zone change for Timberwolf Condominium Estates from LRZD to XRZD and leave the RROD intact at this time, seconded by Commissioner Turner. Commission discussion: None. Public discussion: Lee Manicke stated that in the Permittee's application for development code amendment dated January 5, 2012 the request was to change from LRZD to XRZD with no mention of the RROD. The Polson Development Code does not contain a

provision for an RROD with XRZD zoning. The XRZD already contains some limited recreational uses such as a clubhouse. The RROD is designed more for commercial recreation uses such as golf courses, tennis courts, health clubs and riding stables. There is no master plan included with this proposed zone change and there are no standards in the Polson Development Code for commercial uses in the XRZD. If there is no commercial development proposed, he feels there is no need for the RROD. Mr. Manicke requested that the zone change be approved without the RROD to be in compliance with the existing Polson Development Code. Building and Planning Official Weaver commented that on page 18i of the staff report the RROD is discussed. This property is adjacent to other properties in the area that have the RROD and although she does not have an argument one-way or the other it would keep consistency in this area. Dennis Duty said he was consulted by Building and Planning Official Weaver when it was realized that the RROD wording had been left off the application and at the time he asked to include it. Mayor DeVries clarified with Building and Planning Official Weaver that the property is already in the RROD overlay district. Dennis Duty stated that the Development Code has fallen behind because the RROD was already in place before the XRZD zoning district was created. Commissioner Lies commented that the XRZD zoning does not need the RROD because it is not a resort area. Lee Manicke commented that he was the chairman of the Planning Board when the XRZD zoning district was established. He feels that the overlay district should not have been approved at that time, a mistake was made and he does not want to see that mistake repeated this evening. Dennis Duty said that the RROD will not affect the building of the homes in the zoning district, but it would afford the homeowners some additional options for their common area. He does not disagree with the comments made by Lee Manicke but he would like to see it left in at this point. **The motion carried on a 5-1 vote. Commissioners Erickson, Campbell, Turner, Morrison and Funke voted aye. Commissioner Lies voted nay.**

PRELIMINARY APPROVAL OF MAJOR 38 LOT TIMBERWOLF ESTATES SUBDIVISION: Building and Planning Official Weaver stated that originally this was a single lot, single owner condominium project. The applicant is requesting that this single lot be broken up into 38 lots for the purpose of building attached townhouses or for the combining of lots to create single family homes. The XRZD zoning that was just approved allows for the smaller lots to have the townhomes. Each townhome and lot would have an owner. It is her understanding that financing is more readily available for this type of construction, whereas condominium projects have little or no financing available. The staff recommendation and the CCPB recommendation is to provide preliminary approval for the subdivision with conditions 1 – 17 and changes made to conditions 11 & 14 by the CCPB. The 6 existing dual condo structures will be redefined as townhomes with the successful Final of the proposed subdivision.

Dennis Duty reiterated that they are asking for 38 lots, 12 of which already have existing structures. There is 100% approval of the owners for this change. There will be the same number of homes as what was approved when it was a condominium project. The streets are all in place; one public street and two private streets maintained by the homeowners. He stated that Diane from Marc Carstens' office said that DEQ is processing more condominium conversions than anything else at this time because of financing issues.

Commissioner Lies made a motion to give preliminary approval for the Timberwolf 38 lot major subdivision with conditions 1 – 17 in the staff report and changes to conditions 11 & 14 made by the CCPB, seconded by Commissioner Funke. Commission discussion: None. Public discussion: None. **Motion carried unanimously.**

FIRST READING OF ORDINANCE 661 SUBSTANTIALLY REVISING ORDINANCE 624: Mayor DeVries commented that a long work session was held during the commission meeting on March 19th so

there should be familiarity with this issue. City Manager Crossett explained the work leading up to the Ordinance which involved the work session at the commission meeting, an afternoon department head meeting with Commissioner Erickson, review of comments from Ken Siler on formatting and wording issues, and thirty – forty hours of work by City Attorney Raymond. The issues have been incorporated into this Ordinance to streamline procedures and more clearly define processes that will either be handled by the Ordinance itself or by resolution such as for the setting of rates.

City Attorney Raymond outlined the major changes to Ordinance 624. Page 21 lists all the Ordinances and Resolutions that will be repealed by enactment of this Ordinance. Page 7 has the first substantive change. In Ordinance 624 there was a service charge and a service fee which were being treated as the same thing called an administrative fee which was calculated at 5% of the total impact fees. This Ordinance clarifies the difference between the service charge and the service fee. On page 8 in Section 6.7(c) and (d) the district boundaries have been changed for Water and Sewer Impact fees to include any land contiguous to the utility. These boundaries were initially defined in the TischlerBise study and did not take into account that there are hookups along Highway 35 that are not in the City limits. Commissioner Campbell pointed out that on page 8 in Section 6.6(a), the words “or well or septic permitting” should be removed as wells and septic systems are not allowed in the City limits. This wording also appears on page 3 and should be removed. Section 6.9 has been revised to include a paragraph (c) which states that the council reserves the right to adjust by separate resolution from time to time the actual percentage to be imposed. The amounts included in the tables in Section 6.9 are the maximum fees that can be charged as determined by the TischlerBise study. Commissioner Campbell clarified that the yearly study report would allow the Commission to adjust the percentage, but by leaving the tables intact in the Ordinance, the commission can always go back to the maximum impact fee allowed. City Attorney Raymond agreed with that assessment. On page 12 Section 6.10(4) the Transition Provision has been changed. Commissioner Campbell stated this section eliminates the exemption from impact fees for everyone going forward and that on developments that paid the old capital improvement fees there would be a credit given to owners that pay impact fees in the amount of the capital improvement fee. City Attorney Raymond agreed with that comment. On that same page the wording for the Service Charge has been changed to Administration Fee to reflect what it is actually called. Mayor DeVries asked if there should be a definition of Administration Fee in the definitions section of the Ordinance. City Attorney Raymond agreed that a definition should be added. The next major change is Section 6.11 on page 14. The changes made clarify what the service charge is and that it is set by administrative finding of the City Manager. Section 6.12(3) clarifies the Impact Fee Review Board and its composition. It is now defined that each board would consist of two sitting City Commissioners, the City Manager or his designee, the Building Inspector and Planning Director or any other staff or persons that the City Manager deems appropriate. City Manager Crossett said this would be helpful when particular expertise is needed on the Board, that person could just be included on that Board. City Attorney Raymond commented that the Ordinance does not address a waiver of impact fees by the Fire department due to installed sprinkler systems. Commissioner Campbell feels that the Fire Chief’s input on this would be invaluable but that the decision should reside with the Commission based on the Impact Fee Review Board recommendation. Having sprinkler systems would definitely save time and money and people should be encouraged to move in this direction. City Attorney Raymond continued with the changes, the next substantive change being Section 6.12(d). The original Ordinance did not contain a reimbursement provision, only a credit provision for system improvements. A system improvement is an improvement that benefits more than the developer’s own developments. The developer can come to the Commission in advance and ask for a credit against impact fees for the amount of the system improvement that benefits others. The reimbursement is a mirror image of the credit and is similar to the payback agreements that exist now. For example when a developer has to pay for and install 400’ of

main just to get to his development and then donates that to the City, he can ask for a late comers fee to be paid to him from the City when people later hookup to the system. Payback agreements would continue to exist after enactment of this Ordinance. The reimbursement provision in Ordinance 661 would allow developers that were not aware of the credit provision or for whatever reason; they did the system improvement and did not get the credit, to still have a way to receive a payback on the system improvement. For example the developer would be asking for the reimbursement *after* building a system improvement such as a booster station instead of *before* the booster station was built resulting in a credit against impact fees. On page 19 language has been added to define that credits expire ten (10) years after the credit is granted and that reimbursements expire fifteen (15) years from the date of approval of the agreement. Commissioner Campbell asked if the payback agreements are for fifteen (15) years. City Attorney Raymond said they are for fifteen years so this would be consistent with the payback agreements. On page 20, Section 6.16 has been added. In addition to the impact fees there are water and sewer connection fees that are paid at the time that a building permit is issued. City Attorney Raymond renamed these fees to unitary and special connection fees and included them in the Ordinance since they are paid at the same time. City Attorney Raymond asked Water and Sewer Superintendent Porrazzo what makes up the unitary and special connection fees. Superintendent Porrazzo responded that the costs include tapping into the main and hooking up the residence line. This is approximately \$300. Then there is an added cost for meter pits and other supplies of approximately \$500. Prior to the implementation of impact fees the City charged \$1,000 for this service. The fee charged now is the actual cost of connection and has no restrictions on how it can be spent unlike the impact fees. City Attorney Raymond clarified that the fee that Superintendent Porrazzo discussed is the special fee which is actual costs and that there is an additional fee called the unitary fee which is based on the per unit cost of adding another tap. Mayor DeVries asked Superintendent Porrazzo if the fee would be recalculated each August 1st as is stated in the Ordinance. Superintendent Porrazzo was unsure about the unitary charge and was wondering if the department was receiving money he did not know about! Commissioner Campbell said that Facilities Administration should not be included in the budget expenditures calculation as is stated in Section 6.16(a)(1) and 6.16(b)(1). City Attorney Raymond stated that that is a typo and should only read Water Department and Sewer Department respectively. Mayor DeVries expressed confusion on this entire section and asked for clarification about whether these fees are currently being charged and if the calculation is being made annually. Superintendent Porrazzo replied that the City is currently charging this and he knows what the calculation is based on the water tap fee that is paid to the State each year. City Attorney Raymond reiterated that this is what the City is doing now and he decided to incorporate it into the Ordinance since it is paid at the same time as the impact fees. Commissioner Lies clarified that this language allows the Commission to change the rate that is charged each August 1st based on calculations. City Attorney Raymond agreed. City Attorney Raymond again pointed out that on the final page, the Ordinances and Resolutions that are either in conflict or no longer needed would be repealed. In addition to this Ordinance, City Attorney Raymond has also written a 3 -4 page staff checklist to be used in conjunction with the new Ordinance and a new 8 -9 page checklist for petitioning for a refund of impact fees. These checklists were not included in the agenda packet. Commissioner Campbell pointed out on page 3 paragraph (f) states that all new development generates an increased demand for park improvements and trails, water system, sanitary sewer system and fire-rescue and that all new Residential Development also generates an increased demand for park facilities. He is questioning if park improvements and trails is different from park facilities and seems redundant to him. Mayor DeVries stated that currently commercial development is not charged a park impact fee and questioned if the intent of the new Ordinance is to charge commercial for park impact fees. City Attorney Raymond explained that park impact fees were not part of the commercial fee structure designed by TischlerBise and therefore cannot be charged to Commercial New Development. Mayor DeVries suggested that the parks and trails wording be struck from the first part of that

paragraph. Commissioner Lies stated that the wording throughout the Ordinance that says “council” should be changed to “commission”. City Attorney Raymond responded that the Charter says that the words can be used interchangeably and he prefers the old-fashioned wording. City Attorney Raymond commented that the formatting issues were corrected by the City office staff. Commissioner Campbell and Mayor DeVries asked if this is considered the First Reading and would the changes made tonight be incorporated before the Second Reading. City Attorney Raymond said that this is the First Reading and the changes would be incorporated prior to the Second Reading which would be in three weeks. Commissioner Lies asked if the new fees would go into effect at that time. City Attorney Raymond clarified that the new Ordinance will not set the impact fees, this will be done by Resolution. City Attorney Raymond asked if the Commission wanted a Resolution presented at the next meeting that adjusts the percentage of impact fees to be charged. City Manager Crossett added that there are individuals holding off on getting a building permit until the impact fees amount has been determined. City Manager Crossett asked if the Commission would want to make the Resolution retroactive back to the first of year. Commissioner Lies commented that it should be retroactive to this evening, April 16, 2012. At the work session it was proposed that the impact fees be reduced 50%, but Commissioner Turner had felt that it should be researched more before deciding on a percentage. Commissioner Turner stated this evening that we should be sure the City’s costs are being covered. Commissioner Campbell stated we need to be sure we are getting rid of all of the exemptions that have existed under Ordinance 624. City Attorney Raymond stated the exemptions are gone under this Ordinance. Mayor DeVries asked when the Ordinance would take effect. City Attorney Raymond responded that normally the Ordinance takes effect 30 days after the passage of the Ordinance on Second Reading, however an emergency Ordinance could take effect immediately. Mayor DeVries asked if this Ordinance could be considered an emergency. City Attorney Raymond said that he would need to research that. Commissioner Campbell asked if we would start at a 50% reduction in fees. Commissioner Lies indicated that would be a good percentage to start with. City Attorney Raymond confirmed that the Commission would like a Resolution presented at the next meeting.

City Attorney Raymond proposed the following motion: that the Commission approve First Reading of Ordinance 661 amending paragraph (f) on page 3 based on Commissioner Campbell’s comments, amending paragraph 6.6(a) on page 8 regarding well and septic system permitting (also on page 3), and amending the definition section to include a definition of Administration fees. Commissioner Lies so moved on City Attorney Raymond’s proposed motion, seconded by Commissioner Funke. Commission discussion: None. Public discussion: Paul London commented that he found it difficult to compare the two versions and he would have preferred a redline version that highlighted the changes. He supports a reduction in impact fees of 25 – 50%. Paul London said that impact fees are scaring people away from building in Polson. With the ability to review the fees annually they could be adjusted as the economy improves. He would like a sale on impact fees for the next two to three years to allow developers and builders to formulate their plans, purchase property and design their developments. Polson could promote the sale to neighboring states through a press release to generate awareness. He would like to see Polson fast-track building permits and plans and promote it. These two programs would generate growth and he stated that a City that doesn’t grow – dies. Sharon Fulton questioned what happens at the Second Reading and if the changes made this evening will be incorporated and made available prior to that reading. Mayor DeVries responded that the changes will be made in the Ordinance document and posted on the website and noted in the minutes. Sharon Fulton asked if changes can be made at the Second Reading. Mayor DeVries said that changes can be made at Second Reading and then the final approval is made, or Ordinances can die on Second Reading. City Manager Crossett said that there are a number of different options for the Ordinance including tabling it, passing it or not passing it. The Second Reading could be tabled if the changes needed are extensive. Sharon

Fulton asked if the City would pay another attorney to look at this Ordinance to see if it is correct as was done with the last Ordinance (624). Mayor DeVries responded that we are not paying another attorney to review this Ordinance. Commissioner Erickson commented that this is an effort to clarify to the public and get the City organized on the process and have a common document that everyone can refer to. He further stated that we have a City Attorney to write these documents and we are using his services. Sharon Fulton commented that she understood that. Judy Preston understood that City Attorney Raymond wrote Ordinance 624. Mayor DeVries responded that he was City Attorney at the time the Ordinance was passed. Judy Preston commented that Sharon Fulton's idea may not necessarily be a bad one. Mayor DeVries responded that the exemption was added by the Council and was not contained in the Ordinance as written by City Attorney Raymond. Dennis Duty stated that this is a complicated issue and he would recommend waiting on the First Reading of this Ordinance. Many citizens have not had a chance to read through this to understand the changes and consequences of those changes that City Attorney Raymond is proposing. At the Second Reading a decision has to be made or it has to be tabled. He would like to see an updated draft that includes the changes from tonight that could be reviewed and then the next meeting could be the First Reading. He said that more time should be spent on arriving at a percentage to charge and that considerations should be made for what the money is proposed to be spent on. Personally he would like to see a percentage lower than 50%. He said that hurrying this through the process is not in the best interest of the Commission or the public. Commissioner Campbell responded that he believes the process has not been hurried as he has spent a lot of time on this. Commissioner Turner stated that the public needs to be somewhat comfortable with what the City is trying to do and that both the Commission and the public need more time to review this. He supports waiting on the First Reading. Commissioner Campbell said that there will be three weeks before the Second Reading. Bob Fulton thanked Dennis Duty for his comments as it goes back to what he said at the beginning of the meeting: that this is a 21 page document that has created all kinds of problems in the past. He expressed concern that the revised draft would not come out soon enough for people to read it. He suggested that the First Reading be postponed or the document be placed on the website by Wednesday. Commissioner Campbell said that the changes that were made tonight are minimal so we basically have the document in hand. Bob Fulton responded that the public has only had the document for two days. Mayor DeVries said she understood Commissioner Turner and Dennis Duty's concerns but she is concerned about those individuals that are waiting to get a building permit until the fee percentage has been decided. She said she believes this is counterproductive to what we are trying to do. Commissioner Turner responded that we should have a formula on costs in place to help decide what percentage to charge. If individuals have waited this long, then several more weeks is not going to matter. Commissioner Campbell stated that the impact fees can only be used for capital improvements so there really are no costs involved that would affect operating budgets. City Manager Crossett said that TischlerBise does these studies all over the country and they have already established that baseline which will provide for capital improvements and keep up with growth. By reducing the impact fees by a percentage we would recognize that we are probably not charging enough to keep up with growth, but in a stagnant economy the reduction would stimulate growth which would likely counteract the reduction in fees. Mayor DeVries commented that she is hearing that there is a contractor and developer who would be dealing with this on a regular basis that would like more time. Commissioner Turner responded that if City Clerk Dooley could get the revised version out soon there may be enough time to review it and still consider this the First Reading. City Attorney Raymond said that he would be writing the revision and would make it available to City Clerk Dooley tomorrow. City Clerk Dooley asked if we would post only the changed version or a redline version as-well that would highlight the changes. City Attorney Raymond responded to post both. The motion carried on a 5-1 vote. **Commissioners Erickson, Campbell, Lies, Morrison and Funke voted aye. Commissioner Turner voted nay.**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC:

Murat Kalinyaprak stated that he believed the three minute rule had not been enforced uniformly and expressed that he believed the approval of the zone change was in violation of the development code.

The meeting adjourned at 10:10 p.m.

Mayor Pat DeVries

Attest: Cindy Dooley, City Clerk