

Polson City Commission Meeting

Special Meeting

Linderman Elementary Gym, Polson MT

July 28, 2014 6:40 p.m.

Pledge of Allegiance

Attendance: Mayor Heather Knutson, City Commissioners: Jill Southerland, Dan Morrison, John Campbell, Stephen Turner, Ken Siler, Todd Erickson (by speaker phone), and City Manager Mark Shrives. Minutes taken by Thomas Fleming, Assistant Planner.

Mayor Knutson Calls Role: Commissioners Southerland, Morrison, Campbell, Turner, Siler, and Erickson by speakerphone.

1st item, Approval of proposed agenda. Motion by Commissioner Campbell second by Commissioner Southerland. **Vote: all for.** Motion carries

Next on the agenda to approve "Resolution of intent to restructure and change rates for users of the city of Polson municipal water and sewer systems".

Mark Shrives: You all have the agenda item summary that outlines where we are at. Where we are at, we are preparing information; in speaking with our City Attorney we sort of walked through what happened at the meeting where we held a public hearing. You may remember you (Commission) made a motion and voted to table an ordinance to restructure the rates. The same motion was not made for the resolution on the agenda that night. Since you had a public hearing and closed the public hearing and took no action, that resolution died. With that, died the ability to pass that resolution. We are bringing back a resolution of intent that was previously passed in June. It starts the 30 day comment period again. That comment period will run through September 3rd, and there will be another public hearing then regarding the rates. That night of September 3rd, the resolution will be on the table.

Based on the Public Hearing comments, we did review them; one of the comments was regarding the water base charge usage amount going from 5000 – 2000 gallons.

We did look at that, and this resolution is going back to 5000 gallons as part of the base charge. The increases will essentially occur for the larger water users. Those charges have gone up a little to offset the 2000 – 5000 difference.

The other change that's in here; Option 3, to raise the rate half now and half in a year. We are going to go with that option. We've put option 3 in there also.

You also have from that night the staff Red lined version of this same resolution, we corrected two things on a page 2 of the resolution, and there was a numbering error that we corrected.

We are also looking at snow bird water and sewer rates and policies. There seems to be a bit of confusion about snowbird policies. The City Attorney recommended we take that out of the resolution for tonight.

Also for tonight, is a summary of our waste water treatment plant by our engineer Kevin Johnson from HKM. This is his snapshot summary of the project. Where he scored the SVR system V.S. the MBR system.

You also should have a rate comparison chart. Cindy did you bring that? No.

This large sheet is a break out of the cost of the project, design cost, and procurement costs of construction. Actual construction costs are not available yet. Sort of a timeline of the project and the costs. With that ... that's all the information I have. Any questions?

7:37

Mayor Knutson: I would like to clarify that we are here to vote on the intent to restructure and change the rates for water and sewer charges. Currently on the table are the rate changes in the packets that we have. The new proposal has 5000 gallons as a base rate charge, as Mark Shrives has said. We are also looking at a phased approach to sewer rate increases. Half the increase November 1st, 2014 and half November 1st, 2015.

Doing nothing now is not an option. We need to move forward and make some difficult decisions now. We need to consider all aspects of this issue, including past, present, and future. The decision to move in a direction of a mechanical plant is the decision of the former commission. However, in April, we chose this specific mechanical waste water treatment plant, referred to as the MBR. As we head down this path, we will continue to research this and get further information to confirm that it is the best choice.

Land application option. Again, the decision to go with a mechanical option was the decision of a former commission. I'm requesting additional information on the land application option that was previously considered. I would like to continue researching grant opportunities. I would like to continue to reach out to State, Federal, and Tribal officials and representatives. As the new Mayor and City Manager, we have not had an opportunity to meet with the Tribe and EPA specifically on this issue. I think it would be beneficial for the Tribes and us to meet with the EPA on this specific issue, on Polson's behalf. I'll continue to work on that in the next month. We need to continue to consider additional opportunities, such as additional impact fees, resort taxes, or other ways we could share the costs amongst more people. While we need to continue ... at this point we are opening it up to commission discussion. Actually we need to do a motion in order to get the item on the agenda to discuss. So, first off I am looking for a motion.

Jill Southerland: "I move to approve **resolution of intent number 2614 to restructure the water system rates, and provide for a change in the water and sewer rates, and to call for a public hearing on the proposed rate changes.**" **Seconded by Commissioner Morrison**

11:14

Mayor Knutson: I have a motion and a second by Commissioner Morrison. Now we will move into commission discussion.

Mark Shrives: To be clear, this is the red lined version that we discussed tonight. V.S. the one in the packet.

Mayor Knutson: Commissioner Southerland, is this correct?

Jill: Yes.

Mayor Knutson: Commissioner Morrison, is that what you seconded?

Dan Morrison: Yes.

Mark Shrives: That also means that Exhibit C. The snowbird Exhibit is removed.

Mayor Knutson: Correct. So, We have a motion and a second. Is there any discussion?

Commissioner Erickson asks the Mayor to clarify:

Mayor Knutson; Commissioner Erickson on the table now is the revised version of the resolution. Changes to that include the renumber of the options on page two and the removal of the snowbird water and sewer charge option.

Commission discussion right now, John

John Campbell: We are going to go through this again and start the process over. We are going to have another public hearing September 3rd. We've compromised and are bringing the minimum rate back to 5000 gallons seems to be something the people really needed. The best we can do without getting ruined by interest rates, say 3 years, it would add another million dollars in interest rates to these loans. We looked at splitting this up over three years and I just couldn't go for the extra million in loan fees. So, going half now and half in a year is a compromise I'll have to live with. More importantly adding the 5000 gallons vs the 2000 is something we had to do for you.

14:09

Steven Turner; One question I have is what does happen if someone does not pay? Murat brought this up at the last meeting. We do need to work a plan out for that so everyone feels comfortable knowing that if something happens and they get into a bad situation, we have a plan for that. I still think there are things that need to be thought through here. We need to move forward. I want to hear from people tonight. I hope we get questions answered for you. We have questions that need answered, if we don't answer your questions tonight, please let us know. City county state, we all have to help each other.

15:48

Ken: I'm hoping we can get clarification. Everything has been planned for the worst case scenario. I'm wondering if we can find a cheaper plan can we can save some money, hopefully we can reduce the price on the second increase.

Mark Shrives: Once we have those costs, we won't be able to decrease rates until we have bids. We could do a rate adjustment based on the actual costs.

John: This resolution requires us to analyze the expenses and expenditures of the water and sewer department annually. What Mark Shrives said about raising and lowering rates is something we have to do every year if this resolution is passed. I've never seen them go down, but it doesn't mean they can't.

Jill: My question is like Stevens, what about people who can't pay the water bill. Finding ways to help them with that.

17:55

Mayor Knutson: To summarize, we've taken a look at things, and are trying to answer questions while moving forward. We are continuing to move forward and trying to improve our system. We have additional questions to look at and consider.

To clarify, we are going to open it up to public comment next. The comment is on the resolution. The motion to approve the resolution. Again, this includes the 5000 gallons of water and the phased in approach to increase the sewer rates going half way up in November and increasing the other half in a year from then. The motion is to approve the resolution of intent and to call for a public hearing on the matter. The public hearing will be September 3rd. Ordinance and resolution to be voted on that evening.

We welcome your comments. You will have three minutes for each person who would like to speak and we have a sign in sheet. Mr. Shrives will be timing the comments. I'll put the sign in sheet here;

20:20

Murat: If someone has information to provide you tonight, can you make an exception to the three minute rule tonight to five minutes?

20:37

Mayor Knutson; I appreciate the question. I light of time and the number of people who will want to speak tonight, I think we'll stick with the three minutes for tonight. So not tonight. Thank you for your question.

Commissioner Erickson (on the phone) asked to please have the people say their name before they speak.

21:35

Rolf: I'm Rolf Harmsen I own a business in town, I've lived here since 1994 those that know me... The idea of me shutting up in three minutes will be an experience. This is a project that has to be done whether we can afford it or not. The issue is due diligence. Have we explored all of the possibilities? A business group that I'm affiliated with spoke with Mike Durgalo from the tribes and he says he was never contacted on the issue. A group or agency that large that was never contacted itself. I think we've not done our due diligence.

I think you guys should offer yourself the opportunity to explore all the opportunities. Why don't you take 90 days instead of 30, I don't think it's enough time. One of the things that I'm concerned about, you guys had a presentation done by Carl Brown, some of the things that alarmed, "service will be shut off, in accordance with and at the earliest time allowed by state law." That means if you shut off someone's water a fifteen minutes earlier you violate state law. This is draconian. It loses all credibility when you say, this is something you put off for twenty years, we're getting around to it now, we're going to triple your rates, and by gosh you better fork it over. Water is the essence of life. We'll deny it to you. You can't compete. You don't get to have your own well in this town. It's illegal. It's illegal to compete for water in this town. I talked to Mark Shrives, the city manager about this, I think the City has a monopoly on water, we need to see a heightened sense of service. If you can't compete with the city, they better provide an exemplary service.

Mark Shrives S.: Ten seconds.

Rolf: Ten seconds, reconnection after nonpayment will only be done after the customer has paid ... (alarm sound interrupts.) All rates and fees across the board ...

Mayor Knutson: Thank you, thank you Mr. Harmsen. I apologize, but thank you. Someone in the crowd: Can he have my three minutes?

25:00

Mayor Knutson: No, I'm sorry. We have three minutes per person. You are referencing a report we have received. Thank you.

25:44

Lucky Donegan: I'm Lucky, we lost a house this past year. The question I have as a disabled veteran, and disabled people in general. What are you going to do for disabled people on fixed incomes? I live on limited funds, people who are disabled live on a limited bases. How is that going to be handled?

26:33

Murat Kalinyaprak. : The format of the meeting is getting goofier. I think the content is getting better. I appreciate that council is slowing down and exploring other systems. I agree with Mr. Harmon that there should be even more time. At the last meeting it was stated by a city employee I think, and also

by a representative that this problem was caused by EPA regulations that were hard to meet. I wrote my representatives and asked, what would be a reasonable more requirement. They didn't know. I also asked what it would cost to build a sewer system with no filtration system, just sewer in and sewer out.

This is not a problem with the EPA, it's a problem with Capacity. I've talked with the EPA and the Tribe. They are very helpful, if anyone wants to talk to them. The City has been violating reporting requirements since march 2006. That's 8 years ago. Because of the capacity. John Campbell was forwarded a 1997 Perdue University study about the lagoons, it's amazing what you can find on the internet. The author ... it's a capacity problem, not a was .16 the requirement was .30 it's not a the

The river is the same size as 100 years ago, it's not growing, the lake is not growing, the city is growing. We are dumping 2, 4, 10 times more sewer into the river, while you can't do that. You have to do more if you want to do that. The people who have dropped the ball for so many years... (garbled) as this study in 2004 said we would reach capacity in in 2013. .. A letter to Randy Ingram from HKM in 2003 said we would reach capacity at 5% growth in early 2008, which we did. The City did jeopardize public health and safety by approving both kinds of subdivisions when the city didn't have the capacity to approve these types of subdivisions.

Mayor Knutson: Mr. Murat, thank you sir. Your time is up, I apologize.

30:30

Greg Hertz: Business owner, Polson Super 1 foods, and representative of House district 11. I think the options you have online are pretty good. One other item I think you should had is a conversation with the EPA and the tribes. Your biggest problem here is the total cost of the project. Whether you stretch this out over two or three, five, or ten years, it will still be a significant increase for low income and fixed income people in this community to absorb.

You talked about what to do instead of turning people off and giving them some leeway. If you allow leeway and allow those people to now pay for any length of time, that's going to reduce your revenue. That will cause a rate increase for the other individuals in the city. I'm sure you're aware it's just a burden on other rate payers.

EPA, have you looked at; not just putting it in the river anymore. What happens in 15 years when they say discharge into the river? Then we have a system that's designed to put effluent into the waterway and all the sudden they cut off what we plan to do with that effluent. I think we should look at another process somewhere, shifting it somewhere else, and spreading it out on fields or something. We really need to look at those other processes.

The other suggestion I would have. For any of your public hearings, on your website, it would be very helpful to have the complete packet on the city council members get. Not all of the information is found there. A lot of Montana cities have that. You click on it and you have the whole agenda packet.

Mark Shrives S. We have that information on our website.

Greg Hertz. You have that, a complete package? I understand that there are some documents here that only the commissioners have. Even the red lined version that the commissioner have? That I could not find on the internet? The red lined version.

Mark Shrives S.: The red lined version just occurred today, because we made changes.

Greg Hertz: Okay, thank you.

33:30

Peter (Inaudible and illegible): One of the saddest thing I've heard is that we will help those people who will not be able to pay their bills. This is coming from people who have never had money. Having been a banker from the big City of Detroit. You do not know the pride and personality of a lot of people, the elderly especially who would deny themselves medicine, or food, rather than ask for help. There will be a lot of people who will forgo necessary items rather than ask for help. I think there should be a concerted effort for people to check on their neighbors to see if they are in need. This will be a real financial burden. They will forgo necessary items and medicine rather than ask for help.

35:00

Pat DeVries; My name is Pat DeVries and I live at 502 6th Ave East, Polson. I have a business and rentals in town. I've lived here for thirty years. It seems stupid to come here and ask you to raise my rates. I tried to find a personal finance analogy, like the roof on my house, if I don't fix it now, it will become more expensive later. It's important to protect the river. To provide water when you need water and deal with the sewage we are creating. I'm pleased with the City Commission, the Mayor, and the City Manager I think you've gone above and beyond with this. Thank you for service.

36:22

Rory Horning: I thank you for your service. That's great. I've asked you for the cost of design and engineering. Every time I've received the total. I guess I'm asking for the cost break-down. I hear that someone's got that somewhere. It's not the need that we are talking about, it's the community's ability to pay for the need, and the way it's structured.

It would be nice if the city as a general contractor, instead of letting everyone bid as high as they want to. Then making people pay. If you are your own general, you can bring the cost down. If you are buying two million dollars' worth of machinery, if you ask how that machinery is hooked-up, they'll give you a design plan.

We would like to not have our fellow citizens lose their homes and rentals, go broke and such. For renters, you've created a 13th month of the year. If the property owner does not pass that along, you are doubling the taxes for a 7000 sq ft \$100,000 house. I'm glad you put the 5000 gallons back into the equation. In taking away that 5000 gallons, or putting it back, I think you would have been sued as a

taking from the value of people's property. You've gone a long way towards fixing the problem, but you have not got all the way yet.

Mayor Knutson: Additional Comment?

39:50

Carlisa London: Polson Motor coach. .. My question is to Cindy. I don't information about what the increase will be. I don't see the revenue? I see how many gallons will be allowed to be used, but I don't see the rate increase anywhere.

40:33

Margie Hendrickson: Would you allow the audience to let someone speak for them? That's already spoken?

Mayor Knutson: No, it's three minutes per person today. Do I have more comment?

41:00

Vickie Shaidare: As I understand it, this is an intent to move on. I agree they need to move on. No matter what happened in the past, it's time to move forward. I think that there are number of people in the community who can give you a variety of different options, other than the one you are looking at right now. I agree with the guy from Super 1, he has a good point about the EPA and discharge into the river. I think he has a very good point.

You need to look at different options for the increase.

Some think you pay for the service you get ... triple the rates in this small community. There will be a whole silent community who will be effected by this. I understand Mr. Campbell's concern about interest is valid. For such a big move, really look at more options to make this cost less. I think there out there.

43:41

Margie Hendricks: I've had heat stroke- and I can't stand the heat in here so I cede the balance of my time to Murat.

Mayor Knutson: I'm really sorry, we talked about this. We are doing one comment period of three minutes per person. We talked about that in the beginning and we have to be fair with everyone.

Murat K.: I'm not going to make a comment. I think you should have you city attorney at meetings. The city code and charter says you are following Robers Rules of Order. Roberts Rules of Order, people can cede there time to another if they want, and I don't think you are following that. Please talk to your attorney and apply it appropriately after that.

45:12

Mayor Knutson: We'll close the public comment.

Commissioner Comments? I'll remind everyone, we have a motion on the floor, and a second for the intent to restructure and change rates for the sewer and water. The timeline here references a Public Hearing to be on September 3rd and vote for September 3rd as well.

Steven Turner: The one question I do have, instead of 30 days, could we stretch it out to 60 days??? To make a correct vote. What does it do to stretch it out for another 30 days?

Mark Shrives: We are basing this on having the project completed by July 17th. Delay the public hearing 60 days, though I'm not sure. I would go back and check the MCA's to see if you can do that. I would suggest you amend the motion, saying if it's possible without having to go to another resolution, extend it for 60 days. Are there timelines for the grants we are seeking?

Mark Shrives: It won't affect the timeline for the grants we have, we have the report we need, and it's a matter of when we start accruing revenue to start the project. It will delay the timeline. We are supposed to be online by Jan 2018, project completed by July ... I'm not sure an extra 30 days would create a crisis. I don't think it effects grants.

Cindy Dooley: State law requires that between the time we give notice to the customers and the time we have the hearing, we have a maximum of 30 days.

Mayor Knutson: Could we table after that 30 days? If we don't have our answers in September, we could table it for 60 days and that would cover it?

Cindy: You could table the rate resolution at that meeting, yes.

Mark Shrives; that's what happened at the last meeting, but it was never tabled. If we had tabled it, it would still be alive. If you table on September 3rd, it stays alive.

Mayor Knutson: If we approve the motion of intent, and call for a public hearing on the matter. On September 3rd, if we need additional time, we can table the resolution. We are not able to do that now for that length of time, because of Montana law.

51:35

Mark Shrives: We have a 30 day requirement because of notice of Public hearing. Then you will have option to table when you have that information.

Mayor Knutson: The motion on the floor, I have a motion from Commissioner Southerland to approve resolution of intent number 2014, a resolution to restructure the water system rate and provide for a change to the water and sewer rate, and call for a hearing on the proposed change. Commissioner Southerland motioned, Commissioner Morrison seconded. We are on page 2, the red lined version, refereeing to the redlined version which removes the snowbird water and sewer chart and changes the number systems as mentioned, and removes exhibit C. **Vote: All For: Motion Carries;**

Mayor Knutson: Next item on the agenda, public comment for items not on the agenda.

54:44

Murat: I resent this 3 minute rule. I'm not sure your Mayor handled it right. According to the city code and charter, it seems like because a person can ask for a variation from the 3 minute rule and the council should vote on that. I'm not sure if it's up to you. You may want to get a legal opinion on that. I'm trying to help you guys. I did research. There is a council member that has not said a word. He didn't need his 3 minutes, let me help you. Let tell you what I have here. Let me use his three minutes. Let me help you, my commissioner. The EPA and the other agencies will work with the city as far as what they can afford. Past mayors and council people who can't fix the roof over the sewer lagoons when they were in office should be ashamed to speak today. In fact if any of them are on the council I invite him, or them to resign. Anybody who broke the rules as an employee should be reprimanded fired or whatever is appropriate for them.

That's my suggestion for this government. Thank you.

56:38

Rory: I do want to say, we are trying to help. There were several years that people who decided we didn't get to help. The open meeting law and MMIA. The open meeting law states, "the public has a right to watch deliberation and decision." I don't understand, you guys have made several little adjustments, decision that changes this information for the meeting. We don't get to see that. Prime example 5000 – to 2000 gallons not because I'm trying to get you, because there is a law. Is this the cheapest way to go? This is not a cost break down? At best it's a guesstament.

(inaudible) not because we are trying to get you, there is a law. (Inaudible) If you want to go that way it's fine. This is my community, my neighbors, yes it is my community.

The city goes broke it's going to affect everyone in the valley. You have an 18 million dollar project, you ask for a cost breakdown, you get a cost breakdown. I'll wait for the final version of the cost breakdown. If this is what you are handing people, if you are a contractor and I come to you with 18 million to spend, am I not going to charge you 18 million.

Mayor Knutson: Any additional public comment? None? I'll entertain a motion to adjourn.

John Campbell: I make a motion to adjourn this meeting.

Turner: Second.

Mayor Knutson: I have a motion from Commissioner Campbell, I have a second from Commissioner Turner. Do I have any commission discussion? I would just like to say thank you all for coming here tonight. We'll go ahead and vote starting with commissioner Southerland. **Vote: All for, motion carries.**

Meeting adjourn

ADJOURN 7:40 p.m.

Mayor Knutson

ATTEST:

Thomas Fleming, Assistant Planner