

**POLSON CITY COMMISSION SPECIAL MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
MONDAY DECEMBER 17, 2012, 6:00 PM**

ATTENDANCE: City Commissioners: Todd Erickson, John Campbell, Mike Lies, Dan Morrison, Fred Funke and Mayor Pat DeVries presiding. City Manager Todd Crossett, City Treasurer Bonnie Manicke, City Clerk Cindy Dooley, Police Chief Wade Nash, Fire Chief John Fairchild, Building and Planning Official Joyce Weaver, Water and Sewer Superintendent Tony Porrazzo, Streets Superintendent Terry Gembala and Parks Superintendent Karen Sargeant present. Commissioner Turner and City Attorney Raymond absent. Others present (that signed in): Agnes Rinehart, Ken Siler, Rory Horning, Gil Mangels, Andrew Speer, and Elsa Duford.

Mayor Pat DeVries called the meeting to order.

Mayor DeVries said that Commissioner Turner was excused from the meeting.

APPROVAL OF PROPOSED AGENDA: Commissioner Lies moved to approve the proposed agenda, seconded by Commissioner Funke. Commission discussion: None. Public discussion: None. Commissioners Erickson, Campbell, Lies, Morrison and Funke voted aye. Commissioner Turner absent. Motion carried.

ONE HOUR WORKSHOP TO DISCUSS KNIFE RIVER'S PROPOSAL TO ANNEX WITH ZONE CHANGES 80 TO 200 ACRES LOCATED WEST OF HIGHWAY 93 AT READY MIX THEN UP TO RIDGEWATER "MANSION" NEIGHBORHOOD:

Mayor DeVries asked if there were comments prior to starting the workshop by either City Manager Crossett or Building and Planning Official Weaver. Building and Planning Official Weaver referred the Commissioners to the information in their packet which outlines the annexation procedure in Ordinance 637, zoning amendments in the Polson Development Code and minutes from the November 19, 2012 City Commission meeting which set up the workshop for this evening.

Mayor DeVries then yielded the floor to Elaine Hawk of pLAND Land Use Consulting who is the agent for Knife River, Mike Maddy and Chris & Sue Toppen to discuss their plans concerning an annexation into the City. Ms. Hawk introduced her colleague Mace Westcott who would participate in the presentation. She thanked Building and Planning Official Weaver for her help in navigating through the process and helping to prepare for this evening. She also thanked the Commission for their time this evening to hear the presentation. She referred the Commissioners to the packet of information that was prepared and said that she would basically go through the packet and explain the pending request, discuss the background which lead to the latest recommendations being made, discuss the potential benefits to the City and to seek input and perspective from the Commission on how to proceed and put together a final proposal to hopefully bring before the Commission.

Elaine Hawk said that starting on page 5 of the packet that the tracts are referred to as KR1, M1, etc. and she wanted to make note that these are not legal descriptions, but instead an easy way to refer to the various tracts being considered for annexation. She said that following some of the preliminary discussions, 16.495 acres belonging to Chris & Sue Toppen has been added to the annexation. She also

gave the Commissioners a new Certificate of Survey (COS) as the one in the packet did not print correctly.

Elaine Hawk then presented a PowerPoint presentation on the annexation proposal. She outlined the 4 requests that are being made which include 1) the annexation of six tracts of land, 2) zone change amendments from Rural Residential Zoning District (RRZD) to Low Density Residential Zoning District (LRZD) for tracts M1, M2, M3 and T1 which totals 92.65 acres, 3) zone change amendments from Productive Lands Zoning District (PLZD) to LRZD for tract KR 3 which totals 41.95 acres and 4) zone change amendments from PLZD to Commercial Industrial Zoning District (CIZD) for tract KR 1 which is 20.19 acres and fronts on the highway.

Starting on page 8 of the packet, Ms. Hawk briefly went through the meetings that have been held with the applicants, department heads and City Manager Crossett starting on May 1, 2012. She said that she and Mace Westcott met with Water and Sewer Superintendent Porrazzo on August 31st and he agreed that growth would most likely occur in the south/southeast portion of the City's boundary. She mentioned that this is also stated in the City's Growth Policy. She said that Water and Sewer Superintendent Porrazzo was concerned with keeping new growth close to existing services and connections and he felt that this was area was close to those services. She also said that Water and Sewer Superintendent Porrazzo felt that there are not enough existing services for large growth and that developers would be required to put new infrastructure in place. She said that Fire Chief Fairchild expressed concern in the meeting on October 12th that there would be a loss to the Rural Fire tax base and that there is a bond issue that rural taxpayers are currently paying that would need to be paid off prior to the annexation. Elaine Hawk said that this was discussed and in all likelihood the bonds would be paid off before the annexation would be ready for presentation. She said that Fire Chief Fairchild said there would need to be appropriate turn-arounds on the streets to accommodate the fire engines and other emergency vehicles and there is an issue of connectivity of streets. She said that currently the fire department has to send multiple vehicles to meet their response times in case they cannot access the property from the direct route. She said that at the same meeting, Street Superintendent Gembala also expressed the connectivity issue. She pointed out that on the COS there is a 60' right-of-way for this. She said that Street Superintendent Gembala also commented that traffic through the neighborhoods has been an issue in the past and could be a concern for this annexation. Elaine Hawk said that in several conversations with Building and Planning Official Weaver she expressed that the applicants need to consider the potential impacts to Polson and to analyze those carefully, which Ms. Hawk feels they have done. Building and Planning Official Weaver also expressed to the applicants that the road leading to the "Mansion" property would not be a preferred connection route. Elaine Hawk said this was considered early on as a connection route, but has since been moved to a different location based on Building and Planning Official Weaver's comments. Building and Planning Official Weaver also had concerns regarding the EPA (Environmental Protection Agency) and concerns over past use of the gravel pit. Elaine Hawk said she has worked with Knife River for many years on the redevelopment of their pits and they cannot get Brownfield grants for cleanup because there are essentially no toxins in the gravel pits, so the EPA is not a concern. She did comment that there would be issues with DEQ that would require remediation of the site per their guidelines. Building and Planning Official Weaver also had said that the project must be phased in increments of 20 units or less. Building and Planning Official Weaver commented this evening that she was not sure when the phasing comment was made and had put a question mark by it.

Elaine Hawk then turned the presentation over to Mace Westcott to discuss the opportunities and constraints analysis that was done by pLAND. Mr. Westcott reviewed the map presented on page 11 of

the packet which shows the subject property in relation to other City and County property. He said this map visually highlights Polson's growth trend and how the annexation of the property would extend that growth. He explained that the map on page 12 highlights the transportation routes currently available and how connectivity would be accomplished for the subject property. He also pointed out the proximity of existing trail access points along the eastern edge of the subject property. Mace Westcott said that the map on page 13 shows the local services that are available including fire, police, schools, ambulance, medical services, grocery and the aquatics center and their proximity to the subject property. He said that the property is in close proximity using existing transportation routes to all services.

Mace Westcott reviewed some of the demographics for Polson. He said the average household income is \$32,000. He said the annual growth rate is 1.37% and that the population in 2010 was 4,488 based on US Census figures. He said that using the growth rate there will be an additional 1,400 residents by the year 2025. He summed up his remarks by saying that Polson is a growing place; the Growth Policy has already identified this and over the last 80 years it has outpaced the State as a whole.

Elaine Hawk reviewed the platted housing inventory that currently exists for Polson. Her research showed that Bear Harbor, The Shores and Mission Bay are basically condo developments on the higher end of the scale. She said that these subdivisions may also have single family residences available. She said that the Skyview, Cougar Ridge and Ridgewater subdivisions are larger lot subdivisions with higher end single family homes. She said the subject property may have some restrictions for the LRZD because the eastern edge of the property is very sloped and probably not suitable for density, but the Knife River 40 acres is very flat and sits on the top of the ridge with nice views all around and the Maddy property also has views. She said there is a need for smaller lots that would be more affordable and this property would work for that.

Elaine Hawk said that the City will need to provide police, fire, streets maintenance, parks and recreation and general administrative services when the property is developed. She said there are currently no plans for development by the current property owners, but she acknowledged that property owners would be required to pay impact fees in accordance with Ordinance 661 when developments are made to balance the burden of cost onto the developers. She said that as the tracts come back for subdivision review, the City would have the opportunity to review the proposed infrastructure improvements and make sure it meets the City's subdivision regulations, fire codes and other specifications. She said one of the improvements that may be put in place now is a landscaping and buffering easement in the northeastern corner of the Toppen's property and the Knife River property. The 60' easement through the Knife River property has already been done and appears on the COS. This will provide a second route of connectivity that developers will need to work with to avoid using Schaeffer Road. Ms. Hawk said the COS will be filed shortly with the County. She said that she is also working with Mr. Maddy to establish an easement through his property to provide access to the highway and to downtown.

Elaine Hawk said one of the immediate benefits to the City would be an increase in taxes. She said the annual increase would be \$16,931.62 and the projections show that in 5 years when the development might start there would be an increase to \$84,658.10 and over a 20 year time period which is about what it would take to be totally built out the tax would increase to \$338,632.40. Mayor DeVries commented to Ms. Hawk that she thought the figures in the table represented the entire tax bill for the properties and that the City's portion would be only about \$2,700 of this per year. Elaine Hawk said that Mayor DeVries may be correct.

Elaine Hawk referred the Commissioners to the possible build out scenarios and that they could review them on their own. Commissioner Campbell asked if she was aware that the impact fees have been discounted to 20% of the full value. Ms. Hawk said that she was aware of this and said that based on the information presented this evening, it may help the City plan for how much it will charge for impact fees in the future.

Elaine Hawk commented that this is an unusual request – coming to the Commission without having a proposed plan for development. She said this is a unique example of neighbors collaborating on land use issues to see how their individual properties can fit together to better serve future development. She said that this also provides the City an opportunity to be pro-active as opposed to re-active when meeting the demands of future growth. The annexation would provide for an opportunity to plan for the growth and gain the most benefit from impact fees. She said that the Growth Policy is concerned with the gateway to Polson and this property could be developed to provide a well designed landscaped commercial development that would welcome tourists and locals alike. She said an annexation before development begins would insure that wells and septic tanks are not used to serve water and wastewater needs. She said wells and septic tanks could gradually degrade the aquifer. She said if not annexed into the City, the County would collect subdivision fees, property taxes and impact fees. She concluded her presentation by saying that most importantly it would provide the City control over the development process for subdivision, zoning and other land use issues.

Mayor DeVries asked City Manager Crossett if he had any comments. He commented that Elaine Hawk and Mace Westcott have done a great job coming in and talking to the staff and he encouraged people to ask questions. City Manager Crossett said that the applicants wanted to come before the Commission to discuss this before spending a lot of money and find out what the concerns are. His advice to the Commission is to be honest and upfront and ask questions. He said this will help the applicants to “pencil it out” and find out what makes sense and what doesn’t. He said this is a great opportunity for the community to provide input and voice what they want to see in the development.

Street Superintendent Gembala said that connectivity of the road system is his main concern. He said that having to go all the way around town to get to an area for snow plowing or maintenance work because of existing poor connectivity needs to be avoided. Mayor DeVries said that having done a ride-along when the crew was snow plowing she knows exactly what Street Superintendent Gembala is talking about.

Police Chief Nash said he is also concerned with connectivity in relation to response time for his department. He asked if the applicants have an idea of the growth rate just within the subject property as it would probably affect their call rate. He said with only one police station, that the subject property is pretty far away for response times. He said this is the first time he has seen the proposal and he would probably have more questions once he has reviewed it. Mayor DeVries said that if additional questions do come up they should be circulated to everyone so they know that it is a concern. Police Chief Nash said it is hard to pose questions not knowing what the development will be. Elaine Hawk responded that the subject property would come before the City again for subdivision review – maybe in five years and then those questions can be addressed again with the changes that have been made. Police Chief Nash also commented that his department does not receive impact fees.

Water and Sewer Superintendent Porrazzo said that stormwater is a concern for the developers. They will need to put their own storm system infrastructure in place for retention and that will go through DEQ. He said there is no water there now. There is a small well with the gravel pit plant, but he thinks it

is probably full of iron and manganese similar to other wells in the area. This would have to be tested. If the property could possibly produce a good groundwater source, he said that this could be looked into. The annexation would be in the far end of the existing water infrastructure. The sewer is also an issue as the subject property is a long way from the lagoon and would go thru several lift stations, the first one being the Wal-Mart lift station which is already about maxed out according to Water and Sewer Superintendent Porrazzo. He said it is difficult to predict what will happen since it is 5 or more years down the road.

Fire Chief Fairchild said that the distance from the Fire Station to the subject property is his biggest concern as it would be the furthest point that the fire department would need to reach. He said that as the subdivisions grow the call rate increases significantly. He said that the calls in the Mission Bay subdivision have increased substantially. He said that the department will probably need to put a substation in that area to begin handling the increased calls. He said the other department heads have all touched on areas of concern to him, such as the lack of water. He is concerned that with the type of homes that would be built, it would take a significant amount of water to fight a house fire. The water system would have to have good pressure and/or there would need to be sprinkler systems installed. He said this would be a hot issue for the City as there would be significant expense involved in installing sprinkler systems. He said that currently to get to the Mansion property there is only one way in and the road is steep and can be icy and it would be difficult to get the engines turned around and back down the hill. He would not want to see the same issues in the annexed property. Fire Chief Fairchild said that this would be a huge hit to the infrastructure of the City and needs to be studied. He said it would impact the fire department more than most people think.

Building and Planning Official Weaver reiterated City Manager Crossett comments that the Commission needs to be fair to the applicants. She said the applicants need to know if the Commission is interested in supporting the annexation and in doing it now rather than later. She said the main concern is access as presently getting to the City's services such as schools and hospitals would all be through Highway 93. Mayor DeVries asked Building and Planning Official Weaver how many LRZD vacant lots there are now in the City that services have already been promised to. Building and Planning Official Weaver said there are thousands. Mayor DeVries asked and Building and Planning Official Weaver responded that it is the City's obligation to provide water and sewer services and other services once the property is annexed, but the developer would be responsible for the infrastructure.

Parks Superintendent Sargeant said she is interested in the parklands, and public paths that could connect to the existing paths and streets. She would want to be involved with development of the buffer zones. She said the buffer zones could be used as pathways leading to more natural areas. In the subdivisions she said she would want to see neighborhood parks. She said currently there are no paths in this area although she has a commitment from the Ridgewater owners to put public paths throughout the subdivision as it grows. She said this will create connectivity for walking from Skyline Drive out to Highway 93. Mayor DeVries asked if Cougar Ridge and Ridgewater are one in the same. Parks Superintendent Sargeant said they are the same and the name was just changed. Elaine Hawk said this was a misunderstanding on her part. Building and Planning Official Weaver said that it is her understanding that the commercial lots are designated as Ridgewater and the residential lots are in Cougar Ridge.

Commissioner Funke said his concern is that the City already has such a large inventory of vacant lots and then we would be adding more to this by annexing the property. He said that taking on another big project for water and sewer would be costly. Mayor DeVries said that if there is potential water source

on the property that could make the annexation attractive. Commissioner Campbell asked if the concrete plant would be included in the annexation where the well is located. Elaine Hawk said that the concrete plant is not included in the annexation, but she said there are two wells and one would be on the annexed property. Chris Toppen, one of the applicants, said that he has a well that has been tested at 50 gpm and the concrete plant well is 200 gpm. His neighbor also has a good well. He said the water from his well is great but the well is 450 feet down. Commissioner Campbell said that a good well for the City would be 500 gpm and up.

Commissioner Lies said he has concerns over the liability that exists for the City with the existing lots that have been promised services. Then to add this annexation without the water and sewer capacity that it needs would be an even greater liability.

Commissioner Erickson said he has concerns with connectivity and wondered if the applicants have a plan for the road ways. Elaine Hawk said that at this point they have indicated where they don't want the roads to go, for example the Mansion driveway. She said that the current access is off of Commerce Drive from Highway 93. Water and Sewer Superintendent Porrazzo said the City does not want to see what happened in Ridgewater where the only access is from Highway 93. The City staff does not want to drive three miles out of the way just to reach the subdivision homes. Elaine Hawk said this is also a big concern of the applicants and part of the connectivity has already been secured with the COS.

Elaine Hawk said that she understands that they are asking the City to take in about 140 acres and she understands the concerns about liability. She said this will come before the City again during subdivision review and at that time the liability can be shifted to the developer. She said for example, it is not unusual for the City to say that they want a tract of land for a new fire station and for that to be worked out with the developer. She said there are opportunities to balance the liability through the subdivision process. Elaine Hawk said that this also provides an opportunity for the City to get ahead of the game on the connectivity issues. She asked the department heads what would be the best way to connect back to the City through the subdivisions to get to the downtown area. Water and Sewer Superintendent Porrazzo said that as the property develops, many of the questions may answer themselves. He said the main issues will still be water and sewer. Mayor DeVries said that the City of Shelby has annexed thousands and thousands of acres and it does give the control for future development to the City instead of the County. She said one of the main problems for the City is when we are forced to annex in a property that has already been developed in the County. She said she is concerned about the lack of a water source.

Police Chief Nash said that to answer Ms. Hawk's question, there would need to be connectivity that could access Skyline Drive in order to connect with the downtown. Chris Toppen said that as a finance person he thinks this would give the City the ability to be pro-active and control the future capital budgeting plans. He feels that the City would eventually have to annex in the property so why not have the control up front and monitor the process from start to finish. Elaine Hawk said that even if the subject property is developed in the County it will have an impact on the City. Commissioner Erickson asked where the demographic data was taken from. Elaine Hawk said that it came mainly from the Census and the City's Growth Policy. Commissioner Erickson asked and Elaine Hawk replied that the site is not eligible for Brownfield cleanup money because the business is extractive in nature – nothing is being put into the ground only taken out.

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC *NOT* ON THE AGENDA:

None.

The meeting adjourned at 7:00 p.m.

Mayor Pat DeVries

Attest: Cindy Dooley, City Clerk