

**CITY OF COLUMBIA FALLS
MINUTES OF THE REGULAR MEETING
HELD AUGUST 17, 2015**

Regular Meeting - Transact Routine Business

Mayor Barnhart called the meeting to order at 7:00 p.m. with roll call as follows:

PRESENT: Mayor Barnhart
COUNCIL: Karper, Shepard, Plevel, Fisher and Lovering
ABSENT: Petersen

ROLL CALL

Also present were City Manager Nicosia, City Clerk Staland, City Attorney Breck, City Planner Mulcahy and Police Chief Perry.

Pledge of Allegiance

PLEDGE

APPROVAL OF AGENDA:

Mayor Barnhart requested a motion to approve the agenda. Councilman Karper moved to approve the agenda, second by Councilman Lovering, and the motion carried unanimously.

**AGENDA
APPROVAL**

CONSENT AGENDA:

Councilman Plevel moved to approve the consent agenda noting that all claims appeared to be in order, second by Councilman Fisher. Motion carried with Council voting as follows: YES: Shepard, Fisher, Karper, Lovering, Plevel and Barnhart NOES: None. ABSENT: Petersen.

**CONSENT
AGENDA
APPROVAL**

- A. Approval of Claims - \$ 405,879.99 - August 17, 2015
- B. Approval of Payroll Claims - \$ 87,556.06 - August 14, 2015
- C. Approval of Regular Meeting Minutes - August 3, 2015
- D. Approval of Change Order # 2 - Watson Excavating, Inc. - \$18,094.70 and authorize City Manager to sign (includes previously approved Work Directive #2 and #3, adjusts actual pavement quantities).
- E. Approval of Change Order # 1 - Downing Construction, Inc. - \$10,265 and authorize City Manager to sign (quantity adjustment)
- F. Approval of Contract Amendment #2 - Robert Peccia & Associates and authorize City Manager to sign (Additional construction administration on Water/Sewer Project extension)

VISITORS/PUBLIC COMMENTS - None

PUBLIC HEARINGS/NOTICES:

A. HEARING - URBAN RENEWAL DISTRICT:

The Columbia Falls City Council will hold a public hearing at its regular meeting on Monday, August 17, 2015 beginning at 7:00 PM in the City Hall Council Chambers, 130 6th Street West, Columbia Falls, MT, to consider the

**PUBLIC
HEARINGS-Urban
Renewal District
cont.**

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First Reading and Provisional Adoption of the Ordinance establishing the Columbia Falls Urban Renewal District (URD) and adoption of the Columbia Falls URD Plan.

And, at the Columbia Falls City Council regular meeting on Tuesday, September 8, 2015 beginning at 7:00 PM in the City Hall Council Chambers, 130 6th Street West, Columbia Falls, MT, the Council will consider the Second Reading and Final Adoption of the Ordinance establishing the Columbia Falls URD and adoption of the Columbia Falls URD Plan.

The Columbia Falls URD largely encompasses downtown Columbia Falls generally north / south along Nucleus Avenue from Railroad Avenue (MT 486) on the north end to the city limits on the south side of US Highway 2; and US Highway 2 - from Meadow Lake Boulevard on the west end to the city limits on the east end, which provides entry into the community from both the east and west.

Mayor Barnhart recognized the City's consultant, Janet Cornish with Community Development Services, to present the report. Janet Cornish reported that she has been working with Council the last several months on the Urban Renewal District. She reviewed the process to date and cited the Urban Renewal District Plan. Ms. Cornish asked Council and public if they had any questions for her.

Sonya Graham, 511 11th Street West, asked Ms. Cornish how they came up with the blighted areas. Ms. Cornish said in accordance with the Montana Urban Renewal Law at least three conditions of blight were present in the District per the Statement of Needs, identified throughout the public hearing process last fall.

Gerri Rupp, a business owner on Nucleus Avenue, asked how this will affect her business property. Ms. Cornish said you will continue to pay property taxes as you have been. If you make improvements that add value to your property your taxes will increase. The taxes on the improvements will go in the district and can only be used within the district.

Thomas Pullen asked Ms. Cornish if she was a contractor or completing this process out of the kindness of her heart. Ms. Cornish said she was hired by the City. Mr. Pullen asked how much she will be paid for her services. City Manager Nicosia reported that the City had contracted with Community Development Services for \$24,000 to complete the TIF process.

A gentleman asked what the relationship was between the URD and zoning districts. Ms. Cornish said the URD does not change zoning.

With no further questions, Mayor Barnhart opened the Public Hearing at 7:20 p.m. No one wished to comment during the hearing. Mayor Barnhart closed the hearing.

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B. HEARING - CONDITIONAL USE PERMIT - JONES:

**PUBLIC HEARING-
CUP JONES**

Conditional Use Permit Application Request: A request by Randy Jones of Randy Jones Construction for a Conditional Use Permit (CUP) to build two six-unit condominium complexes and two eight-unit condominium complexes on four existing lots in the Hilltop Homes Subdivision. The six-plexes will be on Lots 168 and 177 and the eight-plexes will be on Lots 170 and 182. The subject lots are zoned CRA-1 (Multi-Family Residential) by the Columbia Falls Zoning Code. The CRA-1 zoning designation requires a CUP to construct a three-plex or greater within the zoning district. The applicants previously received a CUP for multi-family condos on neighboring lots within the subdivision and the proposed structures will duplicate the existing structures. The properties are addressed at 2, 3, 7, and 12 Diane Road and described as Lots 168, 170, 177, and 182 of the Hilltop Homes subdivision in Section 18, Township 30 North, Range 22 West, P.M.M., Flathead County.

Mayor Barnhart reported that he will not vote on this request as his business has provided services to the applicant.

Eric Mulcahy presented staff report CCU-15-01, citing the findings and 16 conditions. Mulcahy noted the addition of Condition 14 due to Developer Extension Agreements in place on the subject lots. He also noted Condition 15 requires a lot line adjustment to be filed as the applicant had previously purchased the green space adjacent to the lot and the structure is partially within the green space; staff determined that the encroachment does not limit the intent of the original open space on the plat. Mulcahy said the Planning Board recommended approval of the CUP at the August 11, 2015 meeting. Staff recommends Council approval.

Mayor Barnhart opened the Public hearing at 7:28 p.m.

Marie Jones Higgins said she was for the Conditional Use Permit and believes there is a high demand for rentals in the Columbia Falls area.

Mayor Barnhart closed the Public Hearing at 7:30 p.m.

Councilman Shepard motioned to adopt Staff Report CCU-15-01 as finding of fact, second by Councilman Fisher, with Council voting as follows. YES: Fisher, Karper, Lovering, Plevel and Shepard. NOES: None. ABSENT: Petersen. RECUSED: Barnhart.

Councilman Shepard motioned to approve the Conditional Use Permit for Randy Jones, second by Councilman Fisher. Motion carried with Council voting as follows. YES: Karper, Lovering, Plevel, Shepard and Fisher. NOES: None. ABSENT: Petersen. RECUSED: Barnhart.

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C. BUDGET HEARINGS:

The City Council of the City of Columbia Falls, Montana, will hold public hearings beginning on August 17, 2015 at 7:00 p.m. in the Columbia Falls City Hall, 130-6th Street West, Columbia Falls, Montana, for the following purposes:

**PUBLIC
HEARINGS CONT.
Preliminary Budget,
Special Assessments
and Permissive
Medical Levy**

Preliminary Budget

Presentation and consideration of the preliminary budget for fiscal year beginning July 1, 2015 and ending June 30, 2016. This hearing will be continued until final adoption of the budget.

Special Assessments

Consideration of the adoption of the Street Lighting District and Street Maintenance District assessments for FY2015/2016. Council will hear any objections to the final adoption of the resolution levying special assessments for FY 2015/2016. Special Assessments are estimated as follows:

| | |
|-----------------------------|-----------|
| Street Lighting District | \$ 33,928 |
| Street Maintenance District | \$301,000 |

Individual property payment schedules are available for inspection ten (10) days from this notice, in the office of the City Clerk, 130 6th Street West, Columbia Falls, Montana, during regular hours Monday through Friday, 8:00 AM to 5:00 PM.

Permissive Medical Levy

Consideration of adoption on the proposed tax levy to fund health insurance premium contributions for group benefits beyond the amount of contributions in effect on June 30, 1999. Based on the certified taxable valuation for 2015, the City anticipates increasing the Permissive Medical Levy by 4.40 mills.

Mayor Barnhart asked City Manager Nicosia to report on the budget items.

Nicosia began by addressing the Special Lighting and Street Maintenance Assessments. Nicosia reported that she is recommending reducing the annual Lighting Assessment from \$40,000 to \$33,928. The Special Revenue Fund, 2400, that accounts for the lighting activity has a sufficient reserve in place to pay the electricity and repairs and maintenance on the street lights. She is recommending leaving the Street Maintenance Assessment at the

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\$301,000. The Street Maintenance fund, 2500, accounts for the maintenance activity but does not include street construction. At this time, with the supplementation of Gas Tax Funds, Fund 2850, the annual assessment is adequate. The Lighting District boundaries did not change as a result of any annexations or growth in the City. The Street Maintenance District boundaries did change with the annexation of the Sunshine Addition Lots purchased by Auto Zone. Nicosia recommends setting the annual lighting and street maintenance assessments per the resolutions later on the agenda.

Next, Nicosia reported on the Permissive Medical Levy. By state law, the Council must hold a hearing on this levy separately. As a small City, the levy is affected by the change in insurance by one or two employees. Additionally, the reduction in the value of the City's mill value also affects whether or not the City is increasing the number of mills for the permissive medical levy. The City calculates the maximum permissive medical levy per the state statute. This year, the City may levy \$136,220.43 to fund the permissive medical levy. Nicosia is recommending a budget of \$142,330 to pay for the statutory portion of the General Fund and Street Maintenance Fund health insurance benefits. The permissive medical levy does not fund any portion of Water or Sewer Enterprise Fund benefits, pursuant to state statute.

Finally, Nicosia reviewed the Preliminary 2015-16 FY budget. The preliminary budget is \$7.5 million compared to \$7.6 million last year. Again, as a small City, the appropriations and revenues are affected by grants and capital projects.

Pursuant to state tax authority, 15-10-420, MCA, the City can levy 179.588 mills plus the voted and permissive mills of 46.114 for a total of 225.702 mills, an increase of 27.212 mills. The increase for the 15-10-420 mills is due to the 2016 FY inflation factor, 0.67%, \$7,065 and newly taxable property, \$25,322. Due to the loss of taxable valuation, 9.65%, the City has to increase the number of mills to get the same dollar as the year before. This is the first year in the new appraisal process as adopted by the MT Legislature with SB 157. This bill now has a 2 year reappraisal process for Class 4 property. Assessment notices were recently sent out by the MT DOR. Nicosia reviewed the full impact of the revaluation on the City, noted that the only property to increase in value was the Class 1 telecommunications. Nicosia noted that the Mayor and Council had requested a review of a "break even" point for the City's taxpayers, thus providing for a tax revenue neutral levy. Nicosia provided a schedule of projected tax impacts on a sample of properties, including council members and her own property. Nicosia concluded that for properties whose values decreased by the average or more, the City could levy the full statutory authorized mills and the taxpayer would not have an increase in their city taxes; for taxpayers whose properties did not decrease as much or increased in value due to improvements or the reappraisal process,

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those taxpayers would see an increase in their city taxes.

Mayor Barnhart asked if the totals included the Permissive Medical Levy. Nicosia replied yes. Mayor Barnhart asked by using the statutory allowed levy, the Permissive Medical Levy (PML) will increase \$14,936. Nicosia indicated that was correct, the dollar amount of the levy would increase \$14,936 or 2.468 based on current mill value. Last year's PML was \$121,284, 18.109, and this year's recommended amount was \$136,220 or 22.509 mills. Mayor Barnhart then asked about the \$32,561 increase in the General Fund levy. Nicosia noted that the increase was based on the City using the maximum allowed levy. She also noted that the General Fund levy is subject to the discretion of the council. If they choose not to levy the maximum mills, the General Fund budget would be adjusted accordingly, most likely the transfer to the capital funds. Nicosia noted that if the Council did not levy the maximum, she would adjust the transfer to the Street Construction Fund. She also noted that if the Council "leaves mills on the table," they have the ability to use the mills at a later date. Mayor Barnhart commented that he would like to minimize the tax impact to the city taxpayers.

Mayor Barnhart opened the public hearing at 8:02 pm for the Street Lighting and Street Maintenance Assessments. No one wished to comment on the assessments. Mayor Barnhart closed the public hearing on the assessments.

Mayor Barnhart opened the public hearing for the Permissive Medical Levy at 8:03 pm, and subsequently closed the Public Hearing as no one wished to speak on the levy.

Mayor Barnhart opened the Preliminary Budget Hearing at 8:04 p.m. No one commented on the preliminary budget. Mayor Barnhart noted that the Public Hearing will remain open until the next council meeting on September 8, 2015.

UNFINISHED BUSINESS:

None

7. NEW BUSINESS:

A. Alley and 10' of Sixth Street East Abandonment request

Nicosia said City staff has been working with the property owners adjacent to the alley way and abandoned 6th Street East adjacent to Block 34 and Block 47. Sixth Street was abandoned in 1981 except for the first ten feet, resulting in a street remainder of 10' x 60'. There are no utilities in the 10' section and Public Works has determined that there are no remaining City purposes to keep the 10' adjacent to the 2nd Ave East alley.

**UNFINISHED
BUSINESS**

**NEW BUSINESS-
Alley Abandonment
request 6th Street E.**

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Additionally, the recommendation is to abandon the public alleyway adjacent to lots 4 and 5 of Block 34 deeding the 12' to the owner of lots 2-5 Randy and Ruby Beach. The remainder of the alley is unbuilt and does not serve as a public access and the driving surface is on private property, outside of the platted public right of way on Lot 4.

Councilman Shepard made motion to approve proceeding with the alley abandonment, second by Councilman Fisher and the motion carried. Nicosia noted that the City will give notice to hold a hearing on the abandonment at the September 8th meeting.

ORDINANCES/RESOLUTIONS:

A. FIRST READING - ORDINANCE 752: An Ordinance of the City Council of the City of Columbia Falls, Montana, Establishing the Columbia Falls Urban Renewal Area, Creating the Columbia Falls Urban Renewal District and Adopting the Columbia Falls Urban Renewal District Plan with a Tax Increment Financing Program Pursuant to Title 7, Chapter 15, Part 42 And 43 of the Montana Codes Annotated

**ORDINANCE 752
First Reading -
Urban Renewal
District Plan/TIF**

Councilman Shepard motioned to approve the First Reading of Ordinance 752, second by Councilman Plevel and the motion carried.

B. RESOLUTION 1704: A Resolution of the City Council of the City of Columbia Falls, Montana Declaring An Infrastructure Deficient Area Exists within the City of Columbia Falls, Montana in an area known as the Columbia Falls Industrial Park and that Investment in Infrastructure in that Area is Necessary in the Interest of Public Health, Safety, or Welfare of the Residents of Columbia Falls

**RESOLUTION 1704
Infrastructure
Deficient Area-
Industrial Park**

Councilman Shepard said at the August 11, 2015 Planning Board meeting the discussion was TEDD operates in the same manner as the TIF with focus on public infrastructure improvements.

Councilman Shepard motioned to approve Resolution #1704, second by Councilman Fisher, with Council voting as follows. YES: Lovering, Plevel, Shepard, Fisher, Karper and Barnhart. NOES: None. ABSENT: Petersen.

C. RESOLUTION 1705: A Resolution of the City Council of the City of Columbia Falls, Montana, Approving an Application for a Conditional Use Permit by Randy Jones of Randy Jones Construction to Build Two Six-Unit Condominium Complexes and Two Eight-Unit Condominium Complexes on Four Existing Lots in the Hilltop Homes Subdivision. The Properties are Addressed as 2, 3, 7 and 12 Diane Road and as Described as Lots 168, 170,

**RESOLUTION 1705-
CUP for Randy
Jones**

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177, and 182 of the Hilltop Homes Subdivision in Section 18, Township 30 North, Range 22 West, P.M.M., Flathead County.

Councilman Fisher motioned to approve Resolution 1705 giving final approval of the Conditional Use Permit for Randy Jones, second by Plevel with Council voting as follows. YES: Plevel, Shepard, Fisher, Karper, Lovering and Barnhart. NOES: None. ABSENT: Petersen.

D. RESOLUTION 1706: A Resolution of the City Council of the City of Columbia Falls, Montana, Redefining the Area Included Within the Columbia Falls Street Maintenance District And Method Of Assessment.

**RESOLUTION 1706-
Street Maintenance**

Councilman Plevel made motion to approve Resolution 1706, second by Councilman Lovering with Council voting as follows. YES: Shepard, Fisher, Karper, Lovering, Plevel and Barnhart. NOES: None. ABSENT: Petersen.

E. RESOLUTION 1707: A Resolution of the City of Columbia Falls, Montana, Levying Assessments Upon Property Within Special Improvements Districts to Defray the Cost of Said Special Improvement Districts for the Fiscal Year 2015-16

**RESOLUTION 1707-
Levying 2015-16
Assessments**

Councilman Lovering motioned to approve Resolution 1707, second by Councilman Fisher with Council voting as follows. YES: Fisher, Karper, Lovering, Plevel, Shepard and Barnhart. NOES: None. ABSENT: Petersen.

REPORTS/BUSINESS FROM MAYOR & COUNCIL:

Councilman Shepard reported that when returning home from the Planning Board meeting on the 11th that he noticed young people on top of the Shay engine. In the morning he drove by and noticed that the bell weld was broken. He alerted the City and the crew removed the bell. Nicosia reported that City staff is working with Columbia Construction and others to permanently repair. Shepard said there are a lot of misinformed citizens on how the TIF district affects taxes and how it works.

**REPORTS FROM
MAYOR AND
COUNCIL**

Mayor Barnhart said he noticed the bell missing over the weekend. Mayor said he called 911 from the call box at the Police Department and turned in a report on the bell. Mayor said a Police Officer called within 10 minutes. Mayor then received a second call stating it was taken down for maintenance. Mayor thought perhaps putting a cage around the bell and posting a sign about theft of public property. Mayor Barnhart asked for clarification on the administration of the TIF district. Nicosia reported that the statute allows the council to administer or to appoint an advisory board.

County Commissioner Phil Mitchell apologized for getting to the hearing late but he wished to comment on both the TIF and TEDD. Mayor Barnhart

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indicated that he may comment at this time. Commissioner Mitchell had experience with the Whitefish TIF and said these are very good economic development tools. Columbia Falls is a good working community with new homes plus the City of Columbia Falls has a better varied economic base with the Industrial Park. Mitchell believes if the City doesn't do the TEDD and TIF the City may be stagnant. The goal is to get businesses here. You need to ask yourselves, where do you want your community to be in 20 years? Mitchell said the new Community Market is very nice and has become popular with the locals and tourists, adding vitality to the community. Commissioner Mitchell commented that the Council should elect to administer the TIF themselves instead of appointing a separate advisory Board, particularly in the beginning of the district. Council discussed the options and concurred that the Ordinance should be amended for the second reading.

Mayor Barnhart said he attended a ceremony up Big Creek and reported to Commissioner Mitchell that there is a 5 mile stretch of road that was in horrendous condition and he would like to see that portion of road fixed.

REPORTS/BUSINESS FROM CITY ATTORNEY:

None.

**REPORT FROM
CITY ATTORNEY**

CITY MANAGER:

Nicosia said staff sent over 500 certified letters to property owners on the Urban Renewal District. There were several phone calls with most asking if it would change their zoning or increase taxes.

Nicosia said she met earlier today with Commissioner Mitchell, School District 6, Janet Cornish and Lanette Windemaker to discuss the Industrial Park Targeted Economic District. The other taxing jurisdictions are supportive of the district despite the recent reappraisal process.

Nicosia said we are near completion of the water projects, with a few remaining items on the punch list.

Nicosia will be attending the MMIA Employee Benefit meeting in Livingston on Wednesday. City Staff is just finishing up the selection process for the Police Officer candidate position and the Water Operator applications are being reviewed.

**CITY MANAGER
REPORT**

A. INFORMATIONAL CORRESPONDENCE - List available for Review

CORRES.

ADJOURN: Upon motion duly made by Councilman Shepard and seconded by Councilman Fisher, the meeting adjourned at 8:48 p.m.

ADJOURN

Mayor

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ATTEST:

City Clerk

APPROVED BY COUNCIL ACTION: September 8, 2015