

Regular City Commission Meeting

Mayor Winters presiding

**CALL TO ORDER: 7:00 PM**

**PLEDGE OF ALLEGIANCE – Girl Scout Troop 3121**

**MOMENT OF SILENCE**

**ROLL CALL:** City Commissioners present: Michael J. Winters, Robert Jones, Bill Bronson, Mary Jolley and Fred Burow. Also present were the City Manager, Deputy City Manager, City Attorney, Directors of Library, Park and Recreation, Planning and Community Development, Public Works, Acting Director of Fiscal Services, Executive Director of the Housing Authority, Fire Chief, Police Chief and the City Clerk.

### **NEIGHBORHOOD COUNCILS**

#### **1. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.**

There were no miscellaneous reports or announcements from neighborhood council representatives.

### **BOARDS & COMMISSIONS**

#### **2. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.**

There were no miscellaneous reports or announcements from representatives of Boards and Commissions.

### **PUBLIC HEARINGS**

### **OLD BUSINESS**

### **NEW BUSINESS**

**CDBG Policies and  
Citizens Participation  
Plan reaffirmed, and the  
2011/2012 CDBG  
funding priorities set.**

#### **3. 2011/2012 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) POLICIES AND FUNDING PRIORITIES.**

Planning and Community Development Director Mike Haynes reported that this item is to set 2011/2012 CDBG percentage funding allocations that will provide the Community Development Council (CDC) with parameters for funding before the CDC hears requests to fund specific projects and programs next month. Mr. Haynes emphasized that there are no guarantees that the 112<sup>th</sup> Congress will maintain funding levels for CDBG programs. Despite that uncertainty, there are two known quantities with regard to expenditures: (1) the City Commission voted to commit the final \$332,000 of the \$1 million committed to the Upper Lower River Road Water and Sewer District, leaving no funding available for other public facility or infrastructure projects; and (2) Mr. Haynes expressed the importance of 20% of funding being set aside for administration of the CDBG program if

City staff is to continue to administer the program effectively, meeting the rigorous federal requirements for Consolidated Plans and Annual Action Plans, the CDC funding allocation process, project administration, monitoring, reporting and auditing.

He explained that last fiscal year the 20% CDBG administration charge equated to \$195,600. Overhead and expenses, including support functions, fiscal services, building maintenance, insurance, vehicle and equipment leases, computers and IT services, printing, publishing, etc., accounted for over \$70,000. Salaries and benefits for 2.5 FTE to administer the CDBG program, three revolving loan programs and fair housing program were over \$138,000. Administrative funds remaining at the end of the fiscal year go to eligible projects and programs.

Mr. Haynes requested that the City Commission support the suggested motion in the agenda report that refers to the funding priorities in Exhibit E, with clarification that, regardless of the funds received, administration be held at 20% which is needed to administer the CDBG-supported programs and other federal funds these staff have secured. He concluded that this action tonight is to provide direction to the CDC. Final funding decisions will be made by the City Commission in April, 2011.

**Commissioner Jolley moved, seconded by Commissioner Jones, that the City Commission reaffirm the Community Development Block Grant (CDBG) policies, reaffirm the Citizen Participation Plan, and set the 2011/2012 CDBG funding priorities as shown in Exhibit E attached to the agenda report.**

Mayor Winters asked if there was any discussion amongst the Commissioners.

Commissioner Burow inquired the status of Brett Doney's prior request to have limitations removed from the 5% economic development allocation, rather than those funds being restricted to the loan fund.

Commissioner Jones inquired if Mr. Doney would first go before the CDC to request flexibility on the 5% economic development allocation.

Commissioner Bronson commented that the agenda report sets forth the types of activities economic development funds may be used for. It doesn't contain restrictions on the types of activities Mr. Doney had expressed concerns about.

Mr. Haynes responded that the Great Falls Development Authority (GFDA) will be going before the CDC with its request. The CDC will consider requests that are eligible under HUD regulations as far as economic development is concerned.

Mayor Winters asked if there were any inquiries from the public.

**Cyndi Baker**, 500 Montana Avenue NW, expressed concern about the 20% of CDBG funding proposed for administration. Ms. Baker read comments Mr. Doney made at the Community Needs hearing. She encouraged the Commission to consider Mr. Doney's suggestions, and for the Commission to do fewer bigger projects to save on administrative costs. Ms. Baker inquired who the City gets its economic advice from.

Commissioner Bronson responded that the City is a participant in the Great Falls Development Authority. Commissioners Burow and Bronson sit on the Board of Directors of the GFDA, and that he sits on the Executive Committee of the GFDA.

Ms. Baker commented that she does not feel 5% for economic development is appropriate. She feels that percentage should be increased by taking a percentage amount from Planning and Administration and Affordable Housing.

Commissioner Burow agreed with Ms. Baker.

Commissioner Jolley commented that she doesn't feel the money is being wasted on Planning and Administration. There are 2.5 employees that do those jobs, and there are internal service charges. She pointed out that a few years ago there was no money for economic development. This program is community development block grants – federal money. Everyone pays taxes. It goes to the federal government. It comes back to local governments because of the needs of the community. This community has great housing needs, especially for people with disabilities. She doesn't believe the administrative cost is too high in this instance to comply with the federal paperwork.

**Brett Doney**, Great Falls Development Authority, residing at 3048 Delmar Drive, commented that the City and the GFDA are strong partners. The GFDA appreciates the City's support of a broad range of economic development efforts. He expressed that the Community Development Council is being underutilized as a resource to the City Commission. He also noted that the City's Housing Rehab Specialist is fully funded out of the affordable housing's 27 percent. Mr. Doney discussed the public facility's percentage going towards the Upper Lower River Road project. He commented that this year the City is funding just that one project versus last year's 12 public facility's projects. He noted that similar sized cities manage to administer their CDBG programs in full compliance with HUD at 10%-15% for administration. He suggested reducing the administrative cost from 20% - 17½%. He concluded that GFDA's biggest priority will be technical assistance to businesses.

**Commissioner Bronson moved, seconded by Commissioner Burow, that the main motion be amended to reaffirm the Community Development Block Grant (CDBG) policies, reaffirm the Citizen Participation Plan and set the 2011/2012 CDBG funding priorities as follows:**

**Affordable Housing – 27%**

**Administration – maximum of 17.5%**

**Public Service Activities – 15%**

**Economic Development – 7.5%**

Commissioner Bronson explained that, prior to Mr. Doney's suggestion, he was considering an amendment to bring the administration costs down to 15% and put that 5% into the economic development column. This is the fourth time he has had the opportunity to be involved in the CDBG allocations. During that time it has been recognized that the administrative expense could be high at times. But, at the end of the year the Commission typically does not have to allocate all of the monies to administrative that were set forth in the initial funding priorities. He believes it is time to instruct staff to sharpen their pencils and keep to the 17.5% or lower and boost the amount given to economic development, recognizing that GFDA may not be the only applicant for those monies. He believes the Commission needs to make a statement that it is behind economic development in this community. Commissioner Bronson concluded that he believes that this adjustment in administration to economic development gives the Commission an opportunity to put more dollars in a practical program as opposed to an administration cost.

With regard to the amendment, Commissioner Jolley inquired how much money was left over from administration from the last Community Development Block Grant.

Mr. Haynes responded there was nothing left over. The expenses exceeded the income last year, and will do so this year at 20%. It will be made up from the general fund, or an employee will have to be cut.

Commissioner Jolley commented that she was happier when economic development was funded by other ways, not with Community Development Block Grants. She doesn't think money is being wasted on Planning and Administration.

Commissioner Jones commented that he would like to see the process move forward before changing allocations to economic development. He was concerned about Mr. Haynes' comment that the entire amount was spent last year, and noted that staff does an outstanding job administering this amount of funds. He was not in favor of the amendment.

City Manager Greg Doyon inquired if the allocations were set in stone tonight, or as the applications are submitted, would staff be better able to

tailor what the administration costs will be when the allocation amount is known the fall.

Mr. Haynes responded that the purpose of setting the funding priorities tonight is to give direction to the CDC. The final action will not be taken by the City Commission until April. He understands the urge to be more efficient, but the only efficiency he can see would be to cut a job to make those numbers work.

Mr. Doyon explained that when the Planning and Community Development departments were merged this past year, there were issues with the allocations. To tap into the general fund could potentially be problematic if the Commission wants to keep the current staffing.

The Commission is setting parameters tonight. Mr. Doyon suggested giving Director Haynes an opportunity to provide more detail of what it is going to cost to administer what the City thinks it may receive. At a minimum, he wants the Commission to understand what the impact may potentially be.

Commissioner Bronson commented that he was not suggesting that staff was wasting any time or expenses. He is concerned that 20% is being requested for administration when there are two other critical component programs that are being recommended at 15% and 5%. He believes it is legitimate for this body to raise the question regarding 20% for administrative costs when, in some prior years, it didn't ultimately amount to the proposed amount. Commissioner Bronson asked if the program couldn't be run at the allocations he suggested.

Mr. Haynes responded that the funds for CDBG administration do much more than administer the CDBG funds received each year. The CDBG administration pays for 100% of the City's housing rehab specialist who is responsible for three revolving loan programs totaling \$2.4 million dollars. Those are self sustaining funds that bring in about \$350,000 per year, and about the same is expended per year. The reality is that is outside what another municipality may or may not be doing. It also pays for 50% of the City's Fair Housing advocate. He plays an important role in many housing issues within the City. In reality, the staff actually administering the CDBG funds that are coming in and going through the CDC, works out to about one full-time employee. The remainder is funding the other programs, which other communities do not have.

Commissioner Bronson inquired if the Commission was bound by the percentages set tonight, or if the percentages could be revised prior to the final action.

Mr. Haynes responded that the City Commission is setting guidelines tonight. His concern is that staff will be going through this process based on a best case scenario of receiving the same amount of funding as last year.

Chances are less could be received. The CDC needs these parameters to work with as they hear requests to fund projects and programs. If 17.5% is committed for administration when that is not feasible, then the CDC will be making a recommendation for dollars that the City won't have in April, 2011.

Mayor Winters commented that tonight the Commission was setting a guideline. After receiving additional figures from Mr. Haynes, the percentages can be adjusted at that point.

Commissioner Jolley commented that the CDC will be looking at funding priorities and the percentages will turn into dollar amounts. She suggested the original funding percentages as set forth in the main motion and Exhibit E.

Commissioner Burow noted he was in favor of the amendment to save money, be more efficient, and use that money in a more productive way.

Amended Motion failed 3-2 (Mayor Winters and Commissioners Jolley and Jones dissenting).

Main Motion carried 4-1 (Commissioner Burow dissenting).

**Addendum #1 to  
MaltEurop North  
America Water and  
Sewer Agreements.  
Approved.  
OF 1348.7**

**4. ADDENDUMS TO MALTEUROP NORTH AMERICA WATER  
AND SEWER AGREEMENTS.**

Public Works Director Jim Rearden reported that this agenda item concerns Addendums to the Water and Sewer Agreements between MaltEurop and the City of Great Falls. The original 2004 agreements outlined responsibilities of each of the parties related to utility service to the Malt Plant north of the City. The original agreements expired on June 30, 2010, and these addendums will keep the conditions of the original agreements in place until negotiations between the two parties can be completed. Mr. Rearden noted that the date on the agreements will be modified to reflect 2011, since the agreements will not actually be executed until the new year, and the main item of remaining negotiations concerns the commercial sewer rate charged to the Malt Plant. The Malt Plant, based on the original agreements, currently pays about 60% of the commercial sewer rate. At this rate, the annual revenue adequately offsets the cost of collection and treatment; however, staff feels it is appropriate to commission a cost of service study to determine an appropriate rate structure. A proposal for this study from the City's rate consultant is forthcoming in a few days.

**Commissioner Burow moved, seconded by Commissioner Bronson, that the City Commission approve the Addendum #1 to MaltEurop North America's Water Service Agreement and Addendum #1 to MaltEurop North America's Sewer Service Agreement.**

Mayor Winters asked if there was any discussion amongst the Commissioners. Hearing none, Mayor Winters asked if there were any inquiries from the public.

**Brett Doney**, Great Falls Development Authority, residing at 3048 Delmar Drive, noted that the Malt Plant has been a huge success from a job standpoint and property tax standpoint. He hoped negotiations would come to an amicable conclusion quickly so that future possible expansion of the plant can be looked at.

**Ron Gessaman**, 1006 36<sup>th</sup> Avenue NE, commented that he raised an issue on March 14, 2010, when the Commission was considering Resolution 9874 setting new water and sewer rates, that the Malt Plant's contract was expiring, and that its rates had not changed in six years. He was informed he was incorrect and that the rates had been adjusted every year in accordance with the increases that were granted to sewer and water rates. He reported that he recently reviewed a Malt Plant bill that shows the rate for the past six years is still \$1.11/ccf. The current commercial sewer rate is \$1.86/ccf. Mr. Gessaman commented that the difference is a half million dollars per year. He doesn't believe one business should be favored over another business. He also noted that the rates were raised March 14, 2010, due to a reserve shortage in the sewer fund, and opined that if the half million dollars had been coming in each year there probably would not have been a reserve shortage. Mr. Gessaman inquired about the terms of the Addendums.

Mr. Rearden responded that he was not part of the 2004 contract negotiations. He does expect a proposal from the rate consultant in a few days. Both parties expect the new agreements will be completed within a two month period.

Mr. Gessaman commented that the bill indicates the Malt Plant is billed for a flat amount of sewage which is 80% of its water use. He read a portion of the contract and noted that the billing was not in accordance with the contract.

Mr. Rearden responded that there are sewer meters in place. He will look into the billing situation.

Mr. Burow inquired if there were agreements with all commercial customers for water, or was there a set rate.

Mr. Rearden responded that there is a standard form agreement for all commercial customers. This being a much larger user, the Malt Plant is different than other commercial accounts within the City.

Mayor Winters requested that Mr. Rearden check on the two meters and follow up on Mr. Gessaman's concerns that the billing is within the

parameters of the contract.

**Mike Witsoe**, 510 11<sup>th</sup> Street South, agreed with Mr. Gessaman's comments. He noted that the ownership of the Malt Plant has changed several times since 2004. Mr. Witsoe also discussed discharge from the Malt Plant corroding the sewer lines. He requested that this matter be postponed for two weeks.

Mr. Rearden responded that the sewer pipes are PVC and do not corrode. There has been corrosion in some of the manholes and had to be lined. The manholes, being concrete, have been affected by the H<sub>2</sub>S gas. As far as the EPA, the City, Malt Plant and Montana Refinery are working through issues with the H<sub>2</sub>S gas.

Commissioner Burow commented that it was his understanding the City asked for the EPA's assistance in dealing with the H<sub>2</sub>S gas in the sewer pipe.

Mr. Rearden responded that was correct.

Motion carried 5-0.

## **ORDINANCES/RESOLUTIONS**

**Consent Agenda.  
Approved.**

### **CONSENT AGENDA**

- 5.** Minutes, December 21, 2010, Commission meeting.
- 6.** Total Expenditures of \$3,728,348 for the period of December 16-29, 2010, to include claims over \$5,000, in the amount of \$3,510,525.
- 7.** Contracts list.
- 8.** Grant list.
- 9.** Postpone bid award for six new 2011 police pursuit vehicles.
- 10.** Approve purchase of traffic signal controllers from Western Systems in the amount of \$51,210.
- 11.** Approve Community Based Policing Agreement with the Great Falls Housing Authority.
- 12.** Approve agreement with Qwest Communications for the purchase and install of an Adtran router and internet DS3 line.
- 13.** Approve final payment to Kuglin Construction and the State Miscellaneous Tax Division in the amount of \$3,174.65 for the Northern Lights Reconstruction. **OF 1573**
- 14.** Approve Change Order No. 1 in the amount of \$915 to A.T. Klemens for the Mansfield Theater Air Conditioning Modifications. **OF 1587**

**Commissioner Jolley moved, seconded by Commissioner Bronson, that the City Commission approve the Consent Agenda as presented.**



Mayor Winters asked if there was any discussion amongst the Commissioners.

With regard to Item 14, Commissioner Burow expressed that he does not appreciate change orders. Minor unforeseen changes should be included in the bid amount.

Planning and Community Development Director Mike Haynes commented that this change order was one quarter of one percent of the project. Once the project got underway, it was discovered additional improvements were required that weren't in the scope of the original contract.

Mayor Winters asked if there were any inquiries from the public.

**Ron Gessaman**, 1006 36<sup>th</sup> Avenue NE, commented that in his comments on page 4 of Item 5, the Minutes, the word "reserve" was missing, and that the comments of Mr. Wipf on page 5 did not make sense to him in that the word "project" should read "product."

With regard to Item 12, Mr. Gessaman inquired if City 7 would be able to operate the new live streaming video service without the DS-3 upgrade.

City Manager Greg Doyon responded affirmatively that City 7 could have operated with the existing bandwidth. This item was due to technology required for the terminals in police vehicles. Public safety was the driving factor in increasing the bandwidth.

Deputy City Manager Jennifer Reichelt added that, with the new AV Capture All equipment, live streaming will be done through an external site and not with this bandwidth. This bandwidth does allow for more technology features into the future.

There being no one else to address the Commission, Mayor Winters called for the vote.

Motion carried 5-0.

## **PETITIONS AND COMMUNICATIONS**

### **15. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.**

Mayor Winters opened the meeting to Petitions and Communications.

**Snow shoveling –  
sidewalks.**

**15A. Mike Witsoe**, 510 11<sup>th</sup> Street South, asked the Commission to ask Mr. Ecke to reprint the City Ordinance regarding snow shoveling. Mr. Witsoe commented that, if people cannot shovel their walks, that there are volunteers that will help.

**Accountability, tax increases.**

**15B. John Hubbard**, 615 7<sup>th</sup> Avenue South, thanked Director Basta for his requested tree information. Mr. Hubbard inquired why the former commissioners cannot be held accountable, why taxes were raised 13 times during a recession, and why the Weissmans were not held accountable for pollution?

Mayor Winters sympathized with Mr. Hubbard's situation, but reminded him that this Commission has no control over his unfortunate accident. He respectfully asked Mr. Hubbard to speak only to matters this Commission has jurisdiction over. On behalf of Mr. Hubbard, Mayor Winters inquired the status of the Weissman property.

Mr. Haynes reported that matter is in the hands of DEQ and the property owner.

As it is not within the parameters of what this Commission could do, Mayor Winters suggested Mr. Hubbard get in touch with DEQ regarding his Weissman property questions.

**ECP.**

**15C. Ron Gessaman**, 1006 36<sup>th</sup> Avenue NE, inquired what authority does ECP, a private corporation, have to get money from the City's "piggy bank," when other businesses in town can't.

Mr. Doyon responded that he asked Melissa Kinzler for an outline that had been previously provided. When he gets that document from her he will give it to City Attorney Santoro to review to specifically respond to Mr. Gessaman's question.

Mr. Gessaman requested the response before the next ECP Board meeting.

**CITY MANAGER****16. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.**

There was no report or announcement from the City Manager.

**CITY COMMISSION****17. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.**

Mayor Winters wished everyone a happy New Year.

**ADJOURNMENT****Adjourn.**

There being no further business to come before the regular Commission meeting, **Commissioner Bronson moved, seconded by Commissioner Jones, that the regular meeting of January 4, 2011, be adjourned at 8:17 p.m.**

Motion carried 5-0.

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Mayor Winters

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City Clerk

Minutes Approved: January 18, 2011