

JOURNAL OF COMMISSION WORK SESSION
October 21, 2008

City Commission Work Session

Mayor Stebbins presiding

CALL TO ORDER: 5:30 p.m.

ROLL CALL: City Commissioners present: Dona Stebbins, John Rosenbaum, Bill Bronson, Bill Beecher and Mary Jolley. Also present were the City Manager, Assistant City Manager, Directors of Community Development, Fiscal Services, Park and Recreation, Planning and Public Works, the City Attorney, Fire Chief, Police Chief, and the City Clerk.

1. WATER PLAN FOR FUTURE

Dave Schmidt, Water Right Solutions, Inc., discussed implementation of a water plan for the City of Great Falls. Suggestions for enhancing water sources included conservation of water, a contract with the Bureau of Reclamation, ground water certificates, change development policies, treatment and reuse, storage of water and purchasing water rights. Mr. Schmidt explained each of the forgoing suggestions. The City of Great Falls already recommends conservation of water by providing educational information in utility bills and a rate structure that encourages conservation with graduated pricing. A contract with the Bureau of Reclamation option will add junior water rights to the City's reserves for short-term needs, but should not be depended upon for long-term delivery. Mr. Schmidt explained that, eventually, the 1955 priority date may not be deliverable. He provided an example that the water rights with priority dates after 1880 on the Gallatin River near Bozeman are cut off by July 10 of each year. He explained that the ground water certificates are stand-alone "Form 602" wells to supply water to city parks.

A change in development policies would require new annexations to surrender any existing water rights to the City or pay an in-lieu-of fee. Said fee would be used to purchase additional water. Mr. Schmidt explained that effluent from the City's water treatment plant could be used to irrigate parks, golf courses or be used for certain industrial uses. However, tertiary treatment with strict EPA oversight will be required. The construction of the treatment facility would be comparable to the cost of acquiring new water rights and requires an on-going operational expense. Mr. Schmidt estimated a capital cost for construction of water storage tanks to be \$1.00 per gallon and noted to take into account the loss of stored water through evaporation.

Lastly, Mr. Schmidt discussed the option of purchasing water rights to use for future City expansion and industrial development. The acquired water rights would be owned by the City in perpetuity and could help pay for itself through contracts to industrial users. Mr. Schmidt explained what the cities of Billings, Bozeman, Butte, Helena and Missoula are doing for new water. In conclusion, Mr. Schmidt encouraged the City Commission to

consider all the potential sources of available water and encouraged the City to prepare a request for proposal to purchase water rights.

Commissioner Jolley inquired if the coal plant wasn't built wouldn't the City have that water available. Mr. Schmidt responded that it has to be put to beneficial use by 2025 to protect the water right. Commissioner Rosenbaum asked if the City could lease water rights it purchased for future growth and was informed yes. The parties discussed the costs associated with wells, storage and tertiary treatment options.

Coleen Balzarini requested approval from the City Commission to go forward with the purchase of water rights. She explained that this was similar to acquisition of water rights during the 1880's that was for future use. Mayor Stebbins directed staff to draft an RFP, as well as a projection of rate increases for City Commission consideration.

2. TOURISM BUSINESS IMPROVEMENT DISTRICT

Gayle Fisher explained that the 2007 state legislature passed HB235 that specified tourism promotion as a use for a Business Improvement District. Ms. Fisher requested that the City Commission approve the creation of a Tourism Business Improvement District (TBID). What will be proposed is a \$1.00 flat fee assessment per occupied room night. The lodging properties would report occupancy to an accounting firm. The accounting firm would determine the assessment to be placed on property tax bills. When the funds are collected they will pass through Cascade County to the City of Great Falls, and then to the TBID. Ms. Fisher reported that she went door to door to over 90% of the lodging owners so far. She estimated that the \$1.00 per occupied room night would generate \$372,000. The City Commission would appoint a board comprised of hoteliers. This board would develop a marketing plan and determine how the funding would be spent to market Great Falls.

The parties discussed how helpful Billings has been and their active participation in promoting interest in other cities. The result will be mutually beneficial to all cities to market Montana.

ADJOURN

There being no further discussion, Mayor Stebbins adjourned the work session of October 21, 2008, at 6:37 p.m.