

JOURNAL OF COMMISSION PROCEEDINGS

August 1, 2023

Regular City Commission Meeting

Mayor Kelly presiding
Commission Chambers Room 206

CALL TO ORDER: 7:00 PM

PLEDGE OF ALLEGIANCE

ROLL CALL/STAFF INTRODUCTIONS: City Commission members present: Bob Kelly, Eric Hinebauch, Joe McKenney, Rick Tryon and Susan Wolff. Also present were City Manager Greg Doyon and Deputy City Manager Chuck Anderson; Public Works Director Chris Gaub; Planning and Community Development Planner III Lonnie Hill; Finance Director Melissa Kinzler and ARPA Project Manager Sylvia Tarman; Human Resources Director Gaye McInerney; City Attorney David Dennis and Deputy City Attorney Rachel Taylor; Police Chief Jeff Newton; and City Clerk Lisa Kunz.

AGENDA APPROVAL: City Manager Greg Doyon noted that the date of the meeting minutes was corrected for agenda item 6 after original posting. He also suggested that the Commission pull agenda items 11, 12 and 13 from the consent agenda to obtain additional background information, discussion and separate votes as those items pertain to fees. There were no proposed changes to the agenda by the City Commission. The agenda was approved as presented.

CONFLICT DISCLOSURE/EX PARTE COMMUNICATIONS: None

MILITARY UPDATES

1. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS FROM MONTANA AIR NATIONAL GUARD (MANG).

Lt. Col. Benjamin Royer, provided the following activities of the 120th Airlift Wing:

- The 219th Red Horse Squadron was the lead unit and worked collaboratively with nine Red Horse units on a project at Fort Harrison to build a 60' x 200' building to house the National Guard tanks. This building will save a significant amount of money in annual maintenance costs on those pieces of equipment and will decrease the amount of maintenance and related down time, and thereby increasing the amount of time that MANG soldiers have to train on that equipment.
- The 123rd Airlift Wing participated in the largest ever Mobility Guardian exercise in the Pacific region. The exercised was aimed at evaluating how smoothly the Air Force can dispatch personnel and cargo during a crisis and how easily US Troops collaborate with their partners in the region. Partner nations included Australia, Canada, New Zealand, the United Kingdom, France and Japan. Over a period of 19 days, 32 members from MANG executed over 82 flight hours, flew more than 13,600 nautical miles, moved 63 individuals and 47 tons of cargo throughout numerous theater locations.

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- Forty-five members and two aircraft participated in the Silver Arrow exercise supporting airlift operations in Eastern Europe in 14 various theater operations to increase tactical area of capability to US forces in Europe. The exercise also focused on command engagements that support NATO. It also exercised interoperability with NATO allies and partners while supporting continuous military airlift operations. Aircrew executed over 26 missions and moved over 128 tons of cargo that supported numerous multinational exercises with 100% mission completion rate.
- Nineteen members of the 120th Airlift Wing flew to Monroe, Louisiana today to participate in an innovative readiness-training event. It is a Department of Defense military training opportunity exclusive to the United States and its territories that delivers joint training opportunities to increase deployment readiness. Simultaneously, these missions provide key services such as health care, transportation, cyber security and construction with lasting benefits for American communities. This medical mission provides training opportunities to our military members while providing health care services to communities via no cost.

2.

PETITIONS AND COMMUNICATIONS

Patti Hess, City resident, expressed concern about animals left in hot cars. She suggested a stronger ordinance inclusive of fines.

Mayor Kelly suggested she get involved with the Great Falls Animal Shelter and visit with the Animal Control Officers to advocate for an educational program through local pet stores and veterinarians, and maybe stronger ordinances.

NEIGHBORHOOD COUNCILS

3. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

None.

BOARDS AND COMMISSIONS

4. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

None.

CITY MANAGER

5. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

In response to comments made at the last Commission meeting, City Manager Greg Doyon provided an update of factual information on the collective bargaining process:

- Seventy-five percent of the City's workforce operates under a collective bargaining agreement (CBA) involving seven unions. Of those seven unions, one CBA is on the agenda for consideration this evening, three have been ratified and three are outstanding.

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- In a collective bargaining year, a letter is sent by the union with an intent to negotiate. Both the union and the management teams create a team of negotiators and have different ways of collecting information to make arguments during the collective bargaining sessions. Typically, the City will use comparable data or surveys from other communities in Montana. This year the City retained a company to evaluate if the City's information was current with regard to wages, and the City's ability to compensate. They looked at it from an individual hourly number all the way to the total benefit package, which includes health insurance. The information is taken into consideration with regard to recruitment efforts, retention, turnover and exit interviews to gain insight as to why people come to work for the City, stay with the City, or why they may leave.
- Agenda Item 16 is a CBA being presented for ratification that the two teams have tentatively agreed to pending a vote of the union and vote of the Commission. CBA's are one of the more significant approvals that the Commission makes because of the impact it has across the organization, not only on this CBA union but the other unions who are watching the ratification of the CBA in their planning and negotiation strategies as well.
- CBA negotiations are difficult and time intensive. This past year has been difficult coming out of Covid, supply chain issues, inflation, and retirements. One union threatened to strike. Two unions, and likely a third, are heading to mediation.
- For those interested in the history of staffing, he suggested looking at the employee counts on pages 125-130 of this year's budget book.

Manager Doyon also announced that Veterans commendations awards will be presented at the Montana Veteran's Memorial on August 16, 2023 at 9:15 a.m.

CONSENT AGENDA.

Without objection, Mayor Kelly pulled Consent Agenda items 11, 12, 13 for separate discussion and vote.

6. Minutes, July 18, 2023, City Commission Meeting.
7. Total Expenditures of \$5,463,186 for the period of July 6, 2023 through July 19, 2023, to include claims over \$25,000, in the amount of \$4,769,027.
8. Contracts List.
9. Approve the purchase of water meter equipment for the 2024 Fiscal Year from Ferguson Enterprises, Inc. in an amount not to exceed \$350,000.
10. Approve a Final Payment for the Water Treatment Plant Filtration Improvements, Phase II, in the amount of \$239,915.07 to Prospect Construction and \$2,423.38 to the State Miscellaneous Tax Fund and authorize the City Manager to make the payments. **OF 1637.6**

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- *11. Set a Public Hearing for Resolution 10519 on August 15, 2023, a Resolution to establish Engineering Division Review Fees for the Planning and Community Development Department and the Public Works Department.
- *12. Set a public hearing on Resolution 10521 for August 15, 2023 to amend Planning and Community Development Land Development Application Fees in the City of Great Falls.
- *13. Set a public hearing on Resolution 10522 for August 15, 2023 to raise permit fees for building, plumbing, mechanical, electrical and other related permit processes by eight percent (8%) in the City of Great Falls.

Commissioner Wolff moved, seconded by Commissioner Hinebauch, that the City Commission approve Consent Agenda items 6 – 10 as presented, and remove items 11, 12, and 13 for separate discussion and vote.

Mayor Kelly asked if there were any comments from the public or discussion amongst the Commissioners. Hearing none, Mayor Kelly called for the vote.

Motion carried 5-0.

- *11. **SET A PUBLIC HEARING FOR AUGUST 15, 2023 ON RESOLUTION 10519, TO ESTABLISH ENGINEERING DIVISION REVIEW FEES FOR THE PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT AND PUBLIC WORKS DEPARTMENT.**
- *12. **SET A PUBLIC HEARING FOR AUGUST 15, 2023 ON RESOLUTION 10521, TO AMEND PLANNING AND COMMUNITY DEVELOPMENT LAND DEVELOPMENT APPLICATION FEES IN THE CITY OF GREAT FALLS.**
- *13. **SET A PUBLIC HEARING FOR AUGUST 15, 2023 ON RESOLUTION 10522, TO RAISE PERMIT FEES FOR BUILDING, PLUMBING, MECHANICAL, ELECTRICAL AND OTHER RELATED PERMIT PROCESSES BY EIGHT PERCENT (8%) IN THE CITY OF GREAT FALLS.**

Public Works Director Chris Gaub reported that both departments are and have been working closely together to transition Public Works infrastructure development review from the Planning Department back to Public Works while retaining a one-stop shop storefront at the Planning Department for the development community.

Staff strives to provide the best possible practices for development review while still protecting the City's assets and the City's taxpayers and ratepayers. They also aim to educate the City's customers on these development review changes.

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The Planning Department sent a joint Planning and Public Works note to the development community last week which provided information about the resolutions being considered tonight and included the agenda reports. The City will host an open house to discuss these proposed fee changes on August 11th at 9 a.m. in the Planning and Community Development conference room in the Civic Center.

The requested action is that the Commission set the public hearing on Resolution 10519 for August 15th. This resolution would modify the way that four fees are assessed to cover the review of development applications for engineering in compliance and conformance with the City's standards. The four fees would cover the cost for engineering to review development projects that include some of the following:

- A privately owned and maintained storm water facility or storm permit.
- Private service lines and improvements in the right-of-way for a single-family residential building permit.
- Private service lines and improvements in the right-of-way for a commercial building permit.
- Improvements in the right-of-way associated with a parking lot permit.

These fees do not cover the work associated with the review of public infrastructure that the City owns and maintains. The cost for this type of review is captured in the infrastructure review fee that was previously approved by the City Commission as Resolution 10474.

Currently, through the Planning and Community Development Department, project applications are being reviewed by a third party engineering consulting firm. The consulting firm tracks the number of hours spent reviewing the project and then applies their hourly rates typically in the \$150 to \$180 per hour range depending on project specifics. Those review costs are then passed directly to the project applicant.

Starting on September 5th, if approved, the Public Works Engineering Division will perform most of these four types of reviews in house. The proposed review fees are based on the estimated average time it takes to complete the review multiplied by the Engineering Division's hourly rate of \$108, which is less than the hourly rate that the third party engineer consultant is currently charging. This consultant will be retained however in the event that the City needs to cover staff shortages or meet any spikes in development applications.

The Engineering Division's review fee will continue to be validated with the Finance Department to ensure fiscal sustainability. The new permit fee process will also be reviewed in the future to ensure that the rates continue to be fair to the development community while also covering the cost associated with the staff review time.

Planning and Community Development Planner III Lonnie Hill reported that the Planning and Community Development Department is bringing forward two fee resolutions. Resolution 10521 is to set the public hearing to amend land development application fees, as well as Resolution 10522

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to set the public hearing to raise building plumbing, mechanical, electrical and other permit fees by 8%.

Both the building division and the parking division are funded based solely off user fees. Planning collects revenue from user fees, but also receives significant general fund support. If both Resolutions are adopted, the Planning Division's budget will still rely on approximately \$376,932 of an infusion from the general fund. Adoption of these fees will get the Planning Division closer to covering costs for applications that come through the door.

The Agenda Report for Resolution 10521 sets forth three reasons for the fee increase:

- The fees are being proposed due to the shortfall in the Planning Division's budget, which is supplemented by the general fund. The City Commission has previously acknowledged the need to increase user fees to alleviate pressure on the general fund.
- The Planning Division budget will lose revenue from State Legislature changes. Staff is working with the Legal Department to determine the full impacts of what the Department can and cannot charge for licenses.
- Planning has not proposed an increase in fees since 2014.

True costs of staff time were evaluated and the fees compared to other municipalities across the state. The proposed fees will increase application revenue from approximately \$40,000 to \$50,000 to \$110,000 to \$140,000 per year. Obviously, that will depend on how many applications are received.

Agenda item 13, Resolution 10522 is to raise the building review fees, and plumbing, mechanical electrical permit fees by 8%. Again, this is being driven by the shortfalls in the Planning Division's budget. If adopted, this will change how planners are paid and reflects changes in how the City's development review process operates after being reinvented in the last few years.

Planners serve as permit coordinators to provide a single point of contact for developers and designers as their projects work their way through the review process. This process has greatly benefited the development community by creating a faster and more predictable process for project delivery on building permits and land use applications. The building division budget includes 10% of pay for planners. This change creates a need to raise fees to create more predictable revenue for the Planning budget, as well as alleviate pressure from the general fund. Plumbing, mechanical, electrical, and other associated permit fees are also proposed to be increased by 8%. The last fee increase on those permits was in 2014 and, in fact, fees were decreased in 2018 by 5%. Staff views this proposal as a conservative option to cover costs while maintaining a healthy balance in the building division fund.

City Manager Greg Doyon added it is significant to note that planning fees have not changed since 2014. There was a time that the development review process was not good and there was some not very good interaction with the development community. There was a real hesitancy to do cost recovery through those permits because it would have been perceived as the City not being business friendly. It has transitioned to not being very taxpayer friendly when the City does not recover the costs.

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In an effort to streamline the process, development review moved to the Planning Division. The concept was good, but there were difficulties with the logistics. Ultimately, development review was moved back to Engineering. He is confident the structure is where it needs to be. With new leadership, attitudes are in the right place and the services are going to be much better.

Manager Doyon reported that the purpose is to alleviate pressure from the general fund. Everyone is concerned about public safety and public safety is paid out of the general fund. When the Department needs general fund support to do their jobs it takes away any flexibility that he has to put it into priority areas that the Commission has identified. It also means that the taxpayer is providing payment for the services that are being rendered. The Commission has identified over the last couple of years that staff needed to take a sharper look at fee structures and cost recovery to make sure that there was a distribution that was appropriate.

He also noted that those services are attached to something staff has to inspect that is regulated. If there is a permit, there is a requirement to inspect to ensure it is being done correctly. When inspections are not done on the public infrastructure that the City adopts and it is not done well, it falls on the utility ratepayer to fix it.

Mayor Kelly commented that it is not the job here tonight to debate the merits of the increases or not. It is just to set the public hearing and provide the development community notice so there can be a more robust discussion about the fees.

Commissioner Hinebauch moved, seconded by Commissioner Tryon, that the City Commission set a public hearing for Resolution 10519 on August 15, 2023.

Mayor Kelly asked if there were any comments from the public.

Brad Talcott, Talcott Properties, 2801 1st Avenue North, commented that he does not have any issues with recalculating and increasing the fees, but that he does have a major problem with the predictability of the fees when the review goes out to the third party consultant. He expressed frustration about getting no explanation on \$18,000 in bills from the third party consultant. The inaction or the action of the decisions of the people doing this process cost developers more than double the \$376,000 shortfall in the budget, and that unpredictability he cannot deal with as a developer. The last calendar year has been much more expensive to him than it has been to the City Planning Department.

Sherrie Arey, NeighborWorks Great Falls Executive Director, commended the City on all the work that has been done in order to try to help with the development of the community. But, as an organization that has developed single family and multi-family homes and subdivisions, there is a lot to digest. The City has also gone through several staffing changes in the Engineering and Planning Departments, and a new Planning Director coming on. She suggested not setting the public hearing on these three agenda items tonight, and instead schedule a work session or special meeting so the fees could be more thoroughly vetted and for the new Planning Director to be able to weigh in and take into consideration the comments made.

Katie Hanning, Homebuilders Association, concurred with the previous speaker.

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There being no one further to address the Commission, Mayor Kelly asked if staff wanted to respond to comments made. He inquired what staff has done thus far to alert the development community about the proposed fees.

Director Gaub reiterated that Planning sent out the joint note to the development community about the proposed fee changes, and that an open house was scheduled for August 11th.

Mayor Kelly inquired if there was a fiscal need to schedule the public hearings now or if more communication would be appropriate with the development community first.

Manager Doyon responded that the last time staff went through this process, it was very lengthy. Anticipating some of the budget challenges, he asked staff to come up with the best methodology that made sense, knowing that there were going to be some folks that were not going to be satisfied with it. It is difficult to get realtors, builders, and developers in agreement on these charges. The development review process has been changed to make it better than it was, knowing it is not perfect and it is going to be a work in progress. The budget was adopted and identified that the Departments want to recover costs. He is not anxious for staff to embark into a long negotiation over fees that are going to be heavily disputed.

After a brief discussion amongst the Commission about the concerns expressed from the public, all agreed to allow two additional weeks before the public hearing is conducted to have the meeting and follow up conversation, if needed, with the development community.

Manager Doyon strongly encouraged Commission members to participate in one of the scheduled meetings. He again reiterated that the budget was set and these fees have not been adjusted since 2014. It is important for the new Planning Director to hear issues in terms of process and concerns from the development community, but this particular part of it is going to be beyond him. He concluded that he would get another meeting set up and let the development community and Commission know.

City Attorney David Dennis advised that the appropriate course of action would be to withdraw the motion.

Mayor Kelly withdrew the main motion setting a public hearing for Resolution 10519 on August 15, 2023. No one objected.

Mayor Kelly moved, seconded by Commissioner Hinebauch, that the City Commission set a public hearing for September 5, 2023, on Resolution 10519.

Mayor Kelly asked if there was any further public comment. Hearing none, Mayor Kelly called for the vote.

Motion carried 5-0.

Commissioner Hinebauch moved, seconded by Commissioner Wolff, that the City Commission set a public hearing on Resolution 10521 for September 5, 2023.

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Mayor Kelly asked if there were any comments from the public or further discussion amongst the Commissioners. Hearing none, Mayor Kelly called for the vote.

Motion carried 5-0.

Commissioner Wolff moved, seconded by Commissioners Hinebauch and Tryon, that the City Commission set a public hearing on Resolution 10522 for September 5, 2023.

Mayor Kelly asked if there were any comments from the public. Hearing none, Mayor Kelly called for the vote.

Motion carried 5-0.

PUBLIC HEARINGS

14. **RESOLUTION 10523, APPROVING A REQUEST FROM CONTEXT LLC TO USE DOWNTOWN URBAN RENEWAL DISTRICT TAX INCREMENT FINANCING (TIF) FUNDS FOR THE REMODEL OF THE KELLERGEIST PUB THEATER LOCATED AT 111 CENTRAL AVENUE.**

Mayor Kelly declared the public hearing open and asked for presentation of the agenda report.

Planning and Community Development Planner III Lonnie Hill reported Context LLC owns a contributing building in the Central Historic Business District located at 111 Central Avenue that dates back to 1887. Context LLC is proposing a remodel of this historic building involving extensive facade work, new window replacement, wall repair, front awning repair, and concrete repair. Further, Context LLC will improve public safety features including the addition of fire suppression throughout the building, creation of ADA compliant bathrooms, installation of indoor and outdoor cameras, outdoor lighting, and replacement of a rear security door. The applicant has chosen to apply for TIF funding through the approval of the City Commission due to two reasons:

- (1) The aggregate amount requested exceeds the \$130,000 cap set by this Commission; and
- (2) The rear door replacement and concrete repair were not eligible or envisioned through the existing Environmental Safety Program, but staff views the improvements as appropriate for TIF funding.

The project is expected to begin this fall and be completed by Christmas of 2023.

Pursuant to the review criteria, a couple of items specifically fit well with this request:

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Economic stimulus

The opening of the Kellergeist Pub Theater has been identified by multiple planning documents as a catalyst project, including the Great Falls Growth Policy, the Downtown Urban Renewal Plan, and the Great Falls Downtown Visioning Project.

The opening of the Kellergeist Pub Theater is proposed to support and expand opportunities for the performing arts through the creation of a destination facility that will attract visitors to downtown Great Falls. The applicant proposes to host weekly events that are estimated to attract roughly 20,000 new visitors to the downtown district each year.

Special or Unique Opportunities

The applicant's request can be partially funded through the three available programs for downtown TIF: the Facade program, the Life Safety Program and the Environmental Safety Program. However, the rear door replacement and the concrete repair are parts of the project not currently eligible. In addition, the proposed TIF funding exceeds the capped aggregate amount set by the Commission for staff approval at \$130,000. Any request over this amount must be brought to the City Commission for approval.

The Downtown Development Partnership (DDP), which is the recommending body, voted at its June 28, 2023 meeting to support the project.

The request will allow for a greater economic impact to the Downtown Urban Renewal District. The City's Downtown TIF fund currently has a cash balance of \$4,476,320.

Mayor Kelly asked if the Commissioners had any questions of staff or the applicant.

Commissioner Tryon referred to pages 87-88 of the agenda packet, item 13 of the application for TIF funds, and inquired how the \$527,000 figure for public infrastructure need was calculated.

Applicant Matthias Schalper responded that the infrastructure costs includes façade, windows, public safety improvements that includes nearly \$200,000 for fire suppression, approximately \$100,000 for ADA compliance, and extensive concrete work in the back of the building.

He further clarified that the concrete pad, fire door, and mechanical work are part of the public infrastructure component included in the \$233,000.

Commissioner Tryon referred to the staff analysis on page 74 of the agenda packet and inquired how it was determined that the concrete work and door provides a public benefit.

Planner III Hill responded that the intent of the Downtown Building Program, Facade Program, Environmental Safety Program and the Life Safety Program are to leverage TIF dollars to go into buildings within our downtown district to benefit the district as a whole. In this case, there is a concrete slab behind this building that is causing trouble and that abuts the public alley, and a rear false door that allows people to go through. Staff is bringing these requests to the Commission to see if there is an appetite to open up the Commission's interpretation of what is TIF eligible through these building programs.

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Commissioner Tryon referred to the economic stimulus criteria on page 74 of the agenda packet and inquired how it was estimated that the opening of the Kellergeist Pub Theater would attract 20,000 new visitors to the downtown district each year.

Applicant Matthias Schalper responded from the business plan.

Commissioner Tryon inquired what credible, measurable information was considered in substantiating the project's economic stimulus in the district.

Planner III Hill responded that projects like theaters and similar uses that attract large quantities or assemblies of people downtown have a catalyst effect on the district as a whole. The Downtown Urban Renewal Plan specifically calls out theaters, and the Growth Policy and the Downtown Visioning Project included the remodel of this building as part of what could become on the 100 block. A theater is a destination venue for activity that creates a catalyst effect on the district as a whole.

Commissioner Hinebauch inquired the expected capacity of the facility and was informed 150. He also referred to the economic stimulus paragraph on page 74 of the agenda packet and inquired if 10% of the construction/rehabilitation costs could be put towards anything in the project or had to be specific to fire suppression or façade.

Planner III Hill responded the 10% is specific to the items listed in the agenda report. The TIF Program runs as a reimbursement program. The applicant does the work and demonstrates through invoices and receipts to the City that the fire suppression, façade or life safety program work has been done, and then the applicant is reimbursed through the TIF District.

What staff wants to see is public dollars going into historic buildings to benefit the District. Similar to the increase for fire suppression, if staff continues to get requests that go over the cap then those caps will be looked at again to determine if they should be adjusted. There is a \$500,000 cap set for the program. At this point in time, staff has not received enough requests to hit the \$500,000 cap.

Commissioner Tryon commented that staff's recommendation was to deny the application for fire suppression for the Metropolitan Building project.

Planner III Hill noted that a change in leadership has changed staff's position on some of these recommendations.

Mayor Kelly clarified that staff's recommendation to deny the Metropolitan or Brush Crazy project was due to being over the limits set by the Commission. The Commission subsequently considered and approved adjusted limits.

Mayor Kelly asked if there were any comments from the public in support of Resolution 10523.

Brett Doney, Great Falls Development Alliance, commented that he serves on the Downtown Development Partnership Board. He suggested staff update the language in the application from "public infrastructure" to "TIF eligible activities." Great Falls was commended during the

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legislative session for the job that staff does in determining what is eligible and what is not, and how much is approved is up to the Commission. TIF's are really about leveraging private investment and the private investment increases the taxable value of the property, which then leads to more private investment. At some point, the TIF will no longer be needed because there would be a much stronger market. There is a 1 to 5 leverage with this proposal that is just under 18%. Applicant is asking for the Commission to approve \$260,000 and they will put in over \$1.4 million total. The estimate of 20,000 patrons per year will be a great impact and will spur additional development in that block.

Sherrie Arey, NeighborWorks Great Falls Executive Director and member of the Downtown Development Partnership (DDP), commented that this project is a great collaboration between members of the DDP and the Planning staff. These grant amounts are in need of being increased to try to leverage these funds. This project began prior to COVID when there was a much different budget and timeline. She commended the owners for continuing the project because it would have been easy to exit or find a different location, and that would have left a blighted property in our downtown area.

She noted one of the biggest TIF allocations has been given to the Civic Center. She hopes that as that project is completed using those funds that it does bring more investment to the downtown. It does bring more opportunity to use those TIF funds, as well as more individuals will take advantage of those businesses that are in our downtown area.

She urged the Commission to consider passing this Resolution and allowing the applicant to continue to have another great venue for the community.

Mayor Kelly asked if there were any comments from the public in opposition to Resolution 10523.

Jeni Dodd, City resident, inquired why the City allowed the business to operate in this building even though, apparently, there were safety concerns. She commented that in her research there is data and strong indications that TIF districts shift the burden of supporting city infrastructure, including things like public safety, to taxpayers outside the districts. She referred to a *Great Falls Tribune* article and quoted the Deputy Planning Director regarding the proposed apartment complex which would have replaced Dick's RV Park that qualifying investment in TIF districts would be water mains, sewer mains, new roadways, street lighting, things that don't just serve the benefit of the developer but have benefits that go beyond just the property. She commented that is not true in this case, as the agenda report sets forth the project will not directly improve public infrastructure. She encouraged the Commission to vote against this Resolution and stand up to this cronyism.

Written comments were submitted by **Bonnie Such** via email August 1, 2023 urging the Commission not to spend one penny of taxpayers' money to help one single business, but rather find a project to help improve the whole community.

Mayor Kelly closed the public hearing and asked if the applicant or staff wanted to respond to the questions posed.

Applicant Matthias Schalper clarified that inspections were conducted when the business was operating in the building. The potential safety issue pertains to the back of the building that was

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never part of public access. The business was operated in the front of the building and had no public safety situations.

With regard to the comment about Dick's RV Park, Planner III Hill clarified that the Downtown TIF District is different than the other TIF Districts in that special programs were created that allow applicants to bring requests that deviate from the public infrastructure normal request. Through Ordinance 3229, the Commission created the program to allow these expenditures to be reimbursed through the Downtown TIF District.

Commissioner Hinebauch moved, seconded by Commissioner Wolff, that the City Commission adopt Resolution 10523 to allow the use of up to \$263,500 in Downtown Urban Renewal District Tax Increment Financing (TIF) funds for the remodel of the Kellergeist Pub Theater located at 111 Central Avenue, and approve the Development Agreement.

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

Commissioner McKenney commented that it is his understanding that the whole purpose of a TIF District is to use that tax money to improve that blighted area. That is what is being done here. He received confirmation that when a TIF District is first approved, there are property taxes that continue to go to the general fund referred to as the baseline tax valuation. Everything that accrues from improvements is captured in a separate TIF account to be used for TIF expenditures. The baseline stays solid over time. It is a low number because it is a blighted area. The whole intent is to attract investors, attract developers, and as they develop an area, then there is more tax income and that tax income is captured for further development.

Many new downtown businesses have taken advantage of TIF funds. The development has worked because there is an abundance of money to be used to redevelop downtown. The building program allows for reimbursement of up to 50% for eligible activities for the three programs. As our downtown is being redeveloped, the Commission has to think more outside the box.

Commissioner Tryon commented that use of TIF funds is not a slush fund for private developers. The fund is to improve public infrastructure. He noted his support for the fire suppression system component of the project. Three components were added to the Downtown TIF, which is a program that can be utilized to improve public infrastructure, not to increase the value of private property. He doesn't see any extraordinary circumstances or a transformative opportunity for downtown with this project sufficient to approve TIF funding for the other two components of this project, and doesn't see enough objective analysis in the staff review of this TIF criteria review.

Commissioner Hinebauch clarified that the three programs are specific to the Downtown Urban Renewal District. He agrees this will be a transformative project downtown, and will create activity in downtown that benefits the entire downtown. He thanked staff for being creative because the TIF funds should be utilized to the maximum benefit of the district.

Commissioner Wolff noted her support and wants to see another venue that brings more people to the downtown.

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Mayor Kelly commented that consistency is an issue that we all try to deal with over time. The Commission has some flexibility, which he thinks is appropriate. The programs are not being tapped the way they can be. The development community has been asked to bring forward new challenges or ideas. The uses that the applicant has applied for are in fact within the parameters that the Commission set.

There being no further discussion, Mayor Kelly called for the vote.

Motion carried 4-1 (Commissioner Tryon dissenting).

OLD BUSINESS

NEW BUSINESS

15. **FINAL PLAT FOR WEST RIDGE PHASE X, LEGALLY DESCRIBED AS WEST RIDGE ADDITION, PHASE X OF PERETTI ADDITION TRACT 2, LOCATED IN THE SE ¼ SECTION 26, TOWNSHIP 21 NORTH, RANGE 3 EAST, PMM, CITY OF GREAT FALLS, CASCADE COUNTY, MT.**

Planning and Community Development Planner III Lonnie Hill reported that this is the final plat request for Phase 10 of West Ridge Addition, which is located along 42nd Avenue Northeast between Nathaniel Addition and Fourth Street Northeast.

This proposal will create 40 new lots within the City limits with a total of 70 dwelling units. This project has been before the Commission multiple times for different requests including changing the zoning to PUD and amending the PUD to allow a variety of densities upon the development.

Approval of the final plat is a step to get closer to having lots being able to be built on. The final plat cannot be filed until the public infrastructure is built or bonded for. No permits can be released until the plat is filed.

The staff report includes information about the utility extensions and storm water for this site. This development continues the model of using onsite storm water as supposed to a regional storm water facility.

Mayor Kelly asked if the Commissioners had any questions of staff. Hearing none, Mayor Kelly asked the will of the Commission.

Commissioner Hinebauch moved, seconded by Commissioner Tryon, that the City Commission approve the final plat of West Ridge Phase X as legally described in the staff report, and the accompanying Findings of Fact, subject to the Conditions of Approval being fulfilled by the applicant.

Mayor Kelly asked if there were any comments from the public.

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Brett Doney, Great Falls Development Alliance, thanked staff for its flexibility on this project. GFDA is excited not only about more housing but the great mix of single family, duplexes and four-plexes.

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

Commissioner McKenney noted that this project consists of 70 units, single-family homes, two-unit townhouses and multifamily units. The City needs much more affordable housing and workforce housing, but this is a step in the right direction.

There being no further discussion, Mayor Kelly called for the vote.

Motion carried 5-0.

16. LABOR AGREEMENT BETWEEN THE CITY OF GREAT FALLS AND THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION #233.

Human Resources Director Gaye McInerney reported that City staff recommends that the Commission approve the Labor Agreement between the International Brotherhood of Electrical Workers Local Union No. 233, which consists of 4 employees across two departments – Planning and Community Development and Public Works.

The negotiating teams including the following individuals:

Representing the City:

Gaye McInerney, HR Director
Charles Anderson, Deputy City Manager
Melissa Kinzler, Finance Director

Mgr.

David Dennis, City Attorney

Representing the MFPE:

David Anderson, Water Plant
Joseph Wofford, Traffic
Jack McBroom, IBEW Business

Luke Hoffer, IBEW

Key items of change include:

Article 2 – Term of the Agreement

Two years – July 1, 2023 through June 30, 2025

Article 23 – Meal

Meal reimbursements were increased to \$15.00 per meal.

Article 24 – Longevity

Longevity pay was bargained to begin after five years of service with a cap after 25 years of service. The longevity payout amounts did not change.

Addendum A:

Job titles of Asset Management/Technical Support Specialist and Water Plant Operations Foreman no longer exist and were removed from Addendum A. The Code Inspector and

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Master Electrician hourly rates will be the same, as the Code Inspector has to be a Master Electrician in order to complete inspections. The schedule reflects a cost of living increase of five percent for each year of contract – FY24 and FY25.

The financial impact of a five percent COLA increase in FY24 is approximately \$17,700. The financial impact of a 5.0 percent COLA increase in FY25 is approximately \$18,600 for a total impact of \$36,300 over the term of the contract.

The IBEW members voted to ratify the contract language on June 30, 2023. The City Commission may choose not to ratify the proposed labor agreement and direct the City Manager and teams to reconvene and continue the collective bargaining process.

Commissioner Wolff moved, seconded by Commissioner Hinebauch, that the City Commission approve the labor agreement between the City of Great Falls and the International Brotherhood of Electrical Workers (IBEW) Local Union #233.

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

Commissioner McKenney inquired what the biggest areas of friction were between the City and Union.

Director McInerney responded that bargaining over wages was the biggest concern.

Commissioner McKenney received clarification that supervisors were not part of this particular union.

There being no further discussion, Mayor Kelly called for the vote.

Motion carried 5-0.

17. **PROFESSIONAL SERVICES AGREEMENT – DESIGN CONTRACT APPROVAL FOR THE CIVIC CENTER COURT RELOCATION PROJECT. OF 1750.3**

ARPA Project Manager Sylvia Tarman reported that the City Court project was identified as a tier one ARPA project by the City Commission at the April 5, 2022 meeting. The project was intended to identify the needs of the court and court staff and provide the best option to either remodel the current facilities in the basement of the Civic Center or to relocate the court to another site.

Numerous options to relocate the court have been looked at over the last decade but a viable opportunity to do so never materialized due to space or budget constraints. This investigation continued in earnest after the ARPA funds were identified and the court project was identified as a tier one project.

Preliminary design efforts on remodeling the current court facilities in the basement revealed that installing adequate court spaces, adding room for a second judge, and providing room for growth in the city court and for staff would be incredibly difficult to accomplish in the basement, and very

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costly. City staff investigated multiple options to relocate the court outside of the Civic Center. All of those facilities were found to be inadequate to serve the court's needs or were not feasible due to budget or time constraints. Focus then shifted to the Missouri Room. City staff have been working with Cushing Terrell on preliminary design options for the Missouri Room. Space designs were presented to the City Commission at the July 18th work session and the City Commission recommended that the project team bring forth a formal design contract for relocating the court space to the Missouri Room. Cushing has provided an estimate for the project in the amount of \$321,950 for the design work.

This design will include the necessary architectural, mechanical, and electrical construction documents to enable bidding by a qualified contractor. This contract also includes allowances for asbestos testing, consulting with a sound engineer, construction administration and engaging in some preliminary design options for the basement layout after the court moves out. Due to their familiarity with the Civic Center building and infrastructure, Cushing is well suited to provide an integrated design for the overall project complementing all of the other infrastructure upgrades that are happening around the Civic Center. Cushing is ready to execute the project immediately on approval from the Commission.

Therefore, staff recommends approval of the design contract put forth by Cushing Terrell for the Civic Center Court relocation project in the amount of \$321,950 utilizing American Rescue Plan Act funds.

Commissioner Tryon moved, seconded by Commissioner Hinebauch, that the City Commission approve the design contract with Cushing Terrell, for the Civic Center Municipal Court Relocation Project, in the amount of \$321,950 utilizing American Rescue Plan Act funds, and authorizing the City Manager to execute the contract documents.

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

Mayor Kelly commented that this is not a step that the Commission takes lightly. There has been a lot of input from a variety of people who hold that room near and dear. Judge Bolstad and his staff have promised that they will be good stewards of that space. The City has looked high and low to find an opportunity for the court to be moved out of the basement. This Commission has taken a step that others were not able to or willing to because of the special place that the Missouri Room has. But, there is lots of opportunity in the private sector for meeting spaces that did not exist a few years ago. The business people that have created those spaces for meetings and special events should be embraced and welcomed by the community. He thinks that the Missouri Room is the best use and the highest use of that property for the needs of the City at this point.

Commissioner McKenney also noted there was pushback because of the historical features. He inquired if the historical features of the room will be preserved in the new designs.

ARPA Project Manager Tarman responded that the room is an integral part of the Civic Center. Tony with Cushing Terrell is very versed in preserving architectural features and working on historic buildings and historic preservation issues. They have also worked with the Historic

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Preservation Officer to capture the essence of the room. One of the character defining features of the room is its openness.

Unfortunately, that will be affected. They are doing the best they can to provide security and safety for the court while preserving those features.

Commissioner Wolff commented that, not only are the designs preserving the historical features but enhancing them. Tony with Cushing Terrell listened to what was being said by the people who really wanted the historical nature kept.

City Manager Doyon added that this is probably the most logical location to relocate court with another judge coming on. A lot of time was spent looking internal and external for a suitable space.

He pointed out that this will impact Events. Events is operating already on a very thin margin and gets a subsidy from the general fund. There are rooms that will be part of this project that have been used on a regular basis that will not be available anymore. There is about \$5,000 to do preliminary design work on rooms downstairs that would replace what is being used on the second floor. That amount is insufficient, especially when it comes to relocating the IT training room, which is where all the software training and orientations occur. The City cannot escape not having an IT resource like that for the organization much longer.

There being no further discussion, Mayor Kelly called for the vote.

Motion carried 5-0.

ORDINANCES/RESOLUTIONS

18. **RESOLUTION 10520, AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF UP TO \$850,000 TAX INCREMENT INDUSTRIAL INFRASTRUCTURE DEVELOPMENT REVENUE BONDS, SERIES 2023 (GREAT FALLS INTERNATIONAL AIRPORT TAX INCREMENT FINANCING INDUSTRIAL DISTRICT), SUBJECT TO TERMS AND LIMITATIONS SET FORTH HEREIN AND AUTHORIZING THE CITY MANAGER AND FISCAL SERVICES DIRECTOR TO ENTER INTO A BOND PURCHASE AGREEMENT WITH RESPECT THERETO.**

Finance Director Melissa Kinzler reported that in May of 2021, the City Commission adopted Resolution 10399, which approved the Great Falls Airport Authority's (Authority) request for Tax Increment Financing (TIF) funds from the Great Falls International Airport Tax Increment Financing Industrial TIF District to aid in the cost of infrastructure improvements. This request was in coordination with a project that would construct improvements including water service lines, sewer service lines, storm sewer improvements, electric/data services lines, and two roadway access points. The improvements are now constructed and accepted by the City, and will be used to serve the future construction of buildings to be used for industrial warehouse bays.

After the City Commission's approval of the development agreement recorded on May 19, 2021, which allocated \$762,510 for the projects, the construction and bidding process resulted in higher dollar amounts than estimated in the original request. The Authority requested additional TIF reimbursement to cover the inflated costs. The revised request by the Authority asked for a total reimbursement of \$1,091,238. Amendment No. 1 to the development agreement was approved by

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the City Commission on December 6, 2022. In the amended development agreement, the City agreed to (i) reimburse the Authority for \$400,000 of costs of the Infrastructure Improvements with Tax Increment funds on hand and (ii) issue Bonds payable from the Tax Increment in a principal amount sufficient to pay or reimburse the Authority for up to \$691,238 of Infrastructure Improvements, to fund a deposit to the reserve account and to pay costs of issuance. The City has reimbursed the Authority the \$400,000 from the Tax Increment funds on hand. The amount the City will reimburse the Airport in issuing the Bonds will be \$521,183.80. The total reimbursed amount for Infrastructure Improvements to the Authority will be \$921,183.80.

Resolution 10520, will establish the terms, and limitations of the sale. The City Manager and the Fiscal Services Director, or the Deputy City Manager in the absence or unavailability of either, are authorized to determine the conditions pertaining to the negotiated sale of the Series 2023 Bonds, including whether the Series 2023 Bonds will be sold in a public offering or a private placement. If the Series 2023 Bonds are sold in a public offering, D.A. Davidson & Co., of Great Falls, Montana (“Davidson”) will serve as underwriter for the public sale of the Series 2023 Bonds. If the Series 2023 Bonds are sold in a private placement, Davidson will serve as placement agent and solicit proposals from banks and other financial institutions for the direct purchase of the Series 2023 Bonds.

The purchase price, redemption features, and interest rate on the Bonds will be subject to the following conditions and limitations:

- (1) the aggregate principal amount of the Series 2023 Bonds shall not exceed \$850,000.
- (2) the average coupon rate on the Series 2023 Bonds shall not exceed 6.0%
- (3) the purchase price of the Series 2023 Bonds shall not be less than 98.5% of the principal amount thereof; and
- (4) the final maturity of the Series 2023 Bonds shall not be later than 17 years from their date of issuance.

Upon final approval of the interest rate, purchase price, and other terms and conditions of the sale of the Bonds, the City Manager, Fiscal Service Director, or the Deputy City Manager in the absence or unavailability of the either, shall be authorized to enter into and execute a Bond Purchase Agreement on behalf of the City. The form of the Bonds and the final terms and conditions will be brought in front of the City Commission under a separate resolution for final approval.

The fiscal impact of issuing \$850,000 of revenue bonds is estimated to be an average debt service of \$87,398 a year through Fiscal Year 2039 in the Airport Tax Increment Fund. The final debt service amount is dependent on the interest rate and such parameters will be set with the resolution presented at a September 2023 City Commission meeting.

Commissioner Wolff moved, seconded by Commissioner Tryon, that the City Commission adopt Resolution 10520.

Mayor Kelly asked if there any comments from the public.

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Brett Doney, Great Falls Development Alliance, thanked staff for working on this, and he is looking forward to seeing those industrial bays. The City needs housing, but it also needs space for more small businesses. GFDA is seeing a lot of entrepreneurship in the City and they want to foster that.

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

Mayor Kelly was informed the bonds would be tax exempt.

Commissioner Wolff commented she is serving as the ex officio member of the Airport Authority Board. There has been many discussions about what could be built there and the need for small and large industrial spaces. She is excited to see this project happen.

There being no further discussion, Mayor Kelly called for the vote.

Motion carried 5-0.

19. RESOLUTION 10524, A RESOLUTION ESTABLISHING A POLICY CONCERNING APPOINTMENTS TO BOARDS AND COMMISSIONS AND REPEALING RESOLUTION 10235.

Mayor Kelly reported that this came about during the Commission initiatives section of the July 18, 2023 meeting. Manager Doyon was directed to have staff draft a revision to the current policy.

Currently the policy states:

3. In the case of a member eligible for and interested in reappointment, if the member is in good standing and the applicable board or commission recommends that the member be reappointed, his or her application shall be brought before the City Commission for consideration for reappointment without advertising for other citizen interest. The City Commission reserves the right to accept or reject that member for reappointment.

With proposed Resolution 10524, the language would read:

3. All board vacancies will be advertised on the City's Website and sent out to local media. In the case of a member eligible for and interested in reappointment, if the member is in good standing, his or her application shall be brought before the City Commission for consideration for reappointment along with all newly received applications. The City Commission reserves the right to accept or reject that member for reappointment.

Commissioner Tryon moved, seconded by Commissioner McKenney, that the City Commission adopt Resolution 10524.

Mayor Kelly asked if there any comments from the public.

Keith Duncan, Liberty and Values MT, commented that the Library Board is a governing board.

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As a governing board, they can spend money, promote tax increases, establish policy and, as everyone saw recently, even sue other branches of government. It appears to him that the Library Board is independent and has very little accountability to citizens. He is aware that paragraph four of the resolution states that boards and commissions are encouraged to make recommendations. As representatives of the people, he suggested the Commission must guard against allowing these boards to turn the Commission into rubber stamps. The Commission represents the people, and need to do their due diligence and weigh and measure each applicant. He urged the Commission's support of Resolution 10524.

Jeni Dodd, City resident, agreed with the prior speaker. She is in favor of this resolution, but would also like the Commission to consider recommendations from boards and commissions be eliminated so it does not appear to be rubber-stamping appointments.

Kathie Hansen, 4601 Flood Road, also agreed with Mr. Duncan's comments and is in favor of this Resolution. To have a better say in what happens to tax dollars, she would like boards and commissions to be totally represented by either the City Commission, County Commission or the taxpayers.

Mitch Tropila, City resident, supports adoption of Resolution 10524 and making the process more transparent for board appointments and reappointments. He reported that he served on the Library Board for 10 years. During that time, he spent a lot of time with the Library Board. He thanked the City Commission and City Manager, noting that they worked together extremely well during those years. He gave a shout out to the current Library Board members as they took the lead on the successful Library levy process. Thanks to their hard work, \$350,000 of the City budget will be freed up. He concluded that the Commission should continue the good relationship with the Library Board and continue to look to them for guidance and expertise and above all, trust them.

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

Mayor Kelly expressed appreciation to the Commission for bringing this up in his absence at the last meeting.

Mayor Kelly called for the vote.

Motion carried 5-0.

CITY COMMISSION

20. COMMISSION INITIATIVES.

None.

21. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

Mayor Kelly thanked Commissioner Wolff for serving as Mayor Pro Tempore in his absence at the last meeting.

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ADJOURNMENT

There being no further business to come before the Commission, **Commissioner Tryon moved, seconded by Mayor Kelly, to adjourn the regular meeting of August 1, 2023, at 9:32 pm.**

Motion carried 5-0.

Mayor Bob Kelly

City Clerk Lisa Kunz

Minutes Approved: August 15, 2023