

Regular City Commission Meeting

Mayor Kelly presiding

CALL TO ORDER: 7:00 PM

Commission Chambers Room 206

PLEDGE OF ALLEGIANCE

ROLL CALL/STAFF INTRODUCTIONS: City Commission members present: Bob Kelly, Tracy Houck, Bob Jones, Bill Bronson and Fred Burow. Also present were the City Attorney Sara Sexe; City Clerk Lisa Kunz; Public Works Director Jim Rearden; Planning and Community Development Director Craig Raymond; Park and Recreation Director Joe Petrella; Fiscal Services Director Melissa Kinzler; and Police Chief Dave Bowen.

AGENDA APPROVAL: There were no changes proposed by the Acting City Manager Sara Sexe or the City Commission. The agenda was approved as submitted.

**** Action Minutes of the Great Falls City Commission. Please refer to the audio/video recording of the meeting for additional detail****

PETITIONS AND COMMUNICATIONS

1. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

- A. Ron Gessaman**, 1006 36th Avenue NE, discussed comments people made to him regarding why they didn't attend the Sign Code public hearing at the last Commission meeting. He suggested that the City arrange garbage collection at the parks before and after the weekends, or get out of the garbage business. Mr. Gessaman commented that he would rather the City spent \$75,000 on wifi in Gibson Park than contributing \$100,000 to Great Falls Development Authority.
- B. Casey Furr**, 1228 Buena Dr., commented that she is working on getting park equipment in Grande Vista Park. She suggested Great Falls consider a Park District similar to the City of Billings.

NEIGHBORHOOD COUNCILS

2. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

Kathy Gessaman, NC 3, announced that Neighborhood Council 3 recessed for the summer months. The next meeting of the council will be the first Thursday in September at 7:00 p.m. at Riverview School.

Mayor Kelly announced that NC 6 is hosting a gang workshop at 7:00 p.m. on July 13, 2016 at Sunnyside School.

BOARDS & COMMISSIONS

3. REAPPOINTMENTS, DESIGN REVIEW BOARD

Commissioner Bronson moved, seconded by Commissioner Burow, that the City

Commission reappoint Ann Schneider and David Grosse to the Design Review Board to a three-year term through March 31, 2019.

Mayor Kelly asked if there was any discussion amongst the Commissioners. Commissioner Houck inquired if these board positions were advertised.

Planning and Community Development Director Craig Raymond commented that typically if the person is eligible for another term and willing to serve staff does not advertise.

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

Ron Gessaman, 1006 36th Avenue NE, discussed the resolution adopted by the prior Commission establishing a policy concerning appointments to boards and commissions.

There being no one further to address the Commission, Mayor Kelly called for the vote.

Motion carried 5-0.

4. REAPPOINTMENTS, TOURISM BUSINESS IMPROVEMENT DISTRICT (TBID).

Commissioner Burow moved, seconded by Commissioner Houck, that the City Commission reappoint Laurie Price-Manning and Becky Amaral-Miller to the Tourism Business Improvement District Board of Trustees for four-year terms through June 30, 2020.

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

Motion carried 5-0.

5. TOURISM BUSINESS IMPROVEMENT DISTRICT (TBID), BOARD MEMBER INTRODUCTIONS AND BOARD REPORT.

Great Falls Tourism Director Rebecca Engum, 100 1st Avenue North, reported that the leadership for the Tourism Business Improvement District (TBID) along with the Convention and Visitors Bureau (CVB) in August of 2015 solidified a strong relationship to create one Great Falls, Montana, tourism mission. She introduced members of the team for tourism: Vanessa Hayden, Tourism Assistant at the Visitor Information Center; P.J. Sheldon, part-time employee at the Visitor Information Center; and, Scott Shull, President of the Tourism Business Improvement District Board of Directors.

The team has worked collaboratively to create a strategic plan that will take Great Falls' tourism forward for the next five years. A marketing plan has been approved. They will be investing heavily in foundational assets for Great Falls moving forward, including photography, videos, new website and new visitors guide.

Director Engum reported that non-residents to Great Falls make up about 8% of the economy and their spending is just over \$264 million dollars. Part of the marketing plan for FY 2017 is the

creation of the Great Friends League of Great Falls, Montana, and social media marketing.

She further reported that the TBID meets the fourth Thursday of every month at 10 a.m., and the CVB meets the third Tuesday of every month at 9 a.m. Both meetings are held in the lower level suite of 100 1st Avenue North and are open to the public.

The Commission presented the board members with certificates recognizing them for the work that they do and thanking them for their service.

6. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS FROM BOARDS AND COMMISSIONS.

There were no miscellaneous reports and announcements from members of boards and commissions.

CITY MANAGER

7. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

Acting City Manager Sara Sexe reported that City Manager Greg Doyon has been working diligently on preparing a budget for the Commission to review in the upcoming meetings.

Manager Doyon is in Washington D.C. representing the City of Great Falls at the Association of Defense Communities.

She further noted that there was a section in the *Tribune* regarding the City's water system and the processes the City undergoes to make sure we have good water.

CONSENT AGENDA.

8. Minutes, June 7, 2016, Commission meeting.
9. Total expenditures of \$2,825,137 for the period of May 17, 2016 through June 8, 2016, to include claims over \$5,000 in the amount of \$2,546,758.
10. Contracts list.
11. Approve final payment for the Gore Hill Pump Station Electrical Improvements in the amount of \$31,954.78 to AE2S Construction, LLC (ACL) and \$322.78 to the State Miscellaneous Tax Fund and authorize the City Manager to make the payments. **OF 1625.5**
12. Approve final payment for the Hill 57 Pump Upgrades in the amount of \$11,011.60 to Central Plumbing and Heating, Inc. and \$111.23 to the State Miscellaneous Tax Fund and authorize the City Manager to make the payments. **OF 1625.3**

13. Award a contract in the amount of \$222,943.53 to Boland Well Systems, Inc. for the West Bank Park Landscape & Irrigation (Base bid) and authorize the City Manager to execute the construction contract documents. **OF 1585.3**
14. Accept low bid amount from Thatcher Company of Montana, Inc. and authorize staff to purchase liquid aluminum sulfate in the amount of \$324.47 per dry ton, up to the maximum amount of 500 dry tons for FY2016/17.
15. Accept the bid award for 250 tons of liquid asphalt to Calumet Montana Refining Company of Great Falls for \$90,000.
16. Approve Change Order No. 1 in the amount of \$150,000 to Phillips Construction, LLC for the Lower Southside Water Main Replacement – Phase II and authorize the City Manager to execute the Change Order No. 1. **OF 1465.1**
17. Award a Construction Contract in the amount of \$80,480 to MRTE, Inc. for the Central Avenue Drainage Improvements – 4th to 5th Street and authorize the City Manager to execute the construction contract documents. **OF 1631.7**

Commissioner Bronson moved, seconded by Commissioner Burow, that the City Commission approve the Consent Agenda as submitted.

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

Commissioner Houck commended staff for providing detailed agenda reports.

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

Ron Gessaman, 1006 36th Avenue NE, commented about the monthly payment amounts for the WWTP operation contract listed in Item 9; the status of the installation of the bridge referred to in Item 10B, an update for Item 10C; whether water pressure would be increased in the Valley View area as a result of Item 12; that closed portions of parks is an inconvenience to citizens with regard to Item 13; the City received a 28% reduction in the price of liquid asphalt from Calumet set forth in Item 15, but that Calumet received a 50% decrease in the cost of crude oil; Item 16 and the inconvenience caused to residents of Riverview during the water main replacement project. He suggested the project should have been started after North Middle School recessed for the summer; and, he took exception to Item 17 -Central Avenue Drainage Improvements Project - being worked on rather than addressing standing water problems on 36th Avenue.

Public Works Director Jim Rearden explained the delay with regard to Item 10B, and that the bridge is due to be set in place next Wednesday.

Planning and Community Development Director Craig Raymond explained that Item 10C is to hire a contractor to remove a portion of the Civic Center façade material to establish what type of material it is and how it is attached to the building. That information will be provided to the design teams that submit proposals to an RFP to design the ultimate solution to fix the façade.

Director Rearden also discussed Item 17 and explained that the situation downtown is that three blocks have seen a lot of movement in the curb and gutter and sidewalks creating drainage problems. The phased project will be done one block at a time.

In response to Item 12, Director Rearden noted that additional volume was added to that area, not necessarily added water pressure. He lives in the area and hasn't had pressure problems. If there are particular residents in the area with pressure problems, he encouraged them to contact Public Works to determine if something is restricting flow.

In response to Item 17, Director Rearden commented that the drainage problems will be corrected once the construction project is complete on 36th Avenue NE. The project is set to bid on July 20th.

There being no one further to address the Commission, Mayor Kelly called for the vote.

Motion carried 5-0.

PUBLIC HEARINGS

18. **RESOLUTION 10137, A RESOLUTION APPROVING THE APPLICATION FOR NEW OR EXPANDING INDUSTRY TAX BENEFIT FOR ADF INTERNATIONAL INC., 1914 GREAT BEAR AVENUE, FOR THE CONSTRUCTION OF AN INDUSTRIAL COATINGS PLANT.**

Planning and Community Development Director Craig Raymond reported that this public hearing is to consider Resolution 10137 to approve an application for a New or Expanding Industry Tax Benefit. ADF International Inc, has submitted an application for the tax benefit and is requesting that the City Commission approve the tax benefit of approximately \$56,630. For background, ADF International received a building permit in April, 2014, for the construction of a 50,000 square foot industrial steel coatings plant on a parcel of land consisting of approximately 2.55 acres. When the coatings plant was completed in 2015, the Department of Revenue verified that the improvements had been made. In 2015, the coatings plant had an appraised value of \$6.2 million.

It should be noted that the taxes being considered tonight are for City taxes only. An additional application will need to be submitted to the proper authorities in order to receive additional benefits through Cascade County or other jurisdictions.

Pursuant to MCA 15-24-1401, New or Expanding Industry Tax Benefit provides for property tax abatement on a portion of the city property taxes generated by new developments. Ordinarily, the discount on new property taxes would be 50% in Years 1-5, 40% in Year 6, 30% in Year 7, 20% in Year 8, and 10% in Year 9. In Year 10 and in subsequent years 100% of the additional property taxes resulting from the new development would be due. In this case, because ADF filed the application after March 1st of the first year in which the benefit was applicable, they will not receive the full benefit if the City Commission approves the request. They will only receive 9 of the 10 years which the state statute provides for.

The City Commission adopted Resolution 10119 in December, 2015, establishing review criteria when considering tax abatement applications for qualifying new and expanding industries. In reviewing the application against that criteria, staff finds that the application and merits of the request do not meet the criteria established by the Commission. Staff finds that the criteria seem to discourage approving abatements when other benefits have been granted by the City or other jurisdictions. In this case ADF has benefited from the Montana Board of Investments (MBOI) very low interest loan and Big Sky Trust Fund grants of approximately \$785,325 were approved. Other criteria deals with TIF districts and any possible effect on increment generation. ADF is located within an established TIF district and the approval of the tax abatement will have a negative effect on tax increment which would otherwise be available to fund much needed infrastructure improvements in the area.

Mayor Kelly declared the public hearing open.

Speaking in support of Resolution 10137 were:

Gary Zadick, #2 Railroad Square, on behalf of ADF, commented that at the time of the start up of the plant the City and ADF were advised by the Montana Board of Investments (MBOI) that there would be no taxes during the period the property was in the name of the City. The City Commission nevertheless approved the loan and the property was transferred to the City. When ADF was being recruited here, part of the marketing package put together by the Great Falls Development Authority included the tax increment benefits. The MBOI information turned out to be wrong. So, ADF has been paying taxes at the 100% rate. ADF is not asking for the application to be retroactive. There is currently about \$440,000 in the TIF fund. The current inflow is about \$290,000. That will continue but it won't be increased as much. But, at the time ADF and the MBOI loan was approved by the City there would have been zero tax.

Mr. Zadick concluded that this seems to be a reasonable proposition. He urged the Commission's favorable support and approval.

Dan Rooney, ADF Plant Manager, 1900 Great Bear Avenue, commented that competition for new businesses to land in a community is fierce. Those marketing packages carry weight. ADF did consider all of the advantages and incentives that were part of that package. All of the incentives combined are important to the success of the business. When ADF participated in MBOI, they were under the assumption that ADF would pay no tax for 15 years. A month after the City Commission passed the resolution to participate in MBOI, ADF was made aware of the Department of Revenue's beneficial use tax. Because ADF uses the property owned by the City and is held as part of the collateral for the MBOI loan, ADF derives a beneficial use and has to pay a beneficial use tax which equals the property tax. ADF has paid that tax for the past two years.

Mr. Rooney concluded that ADF fits all the criteria in the tax abatement application. ADF is a value adding, manufacturing business that brings good paying jobs with benefits to the community. To go back now and say we voted unanimously when we felt it was zero tax, but now that it is tax abatement a year and a half later after ADF has landed and has a high profile plant for fabrication and coating would be disingenuous. ADF needs this success. There are 200 people working at the facility today. He asked the Commission to consider the short term

shortfall of tax abatement will be far outweighed by the long term benefit of having ADF and the good paying jobs here.

Spencer Woith, 1725 41st Street South, commented that in early May of 2012 when he attended ADF's presentation everybody in the room was in awe that Great Falls even made the list and may have an opportunity to land a company like ADF. For the next six months everyone did everything they could to try to get ADF here. Great Falls was not the only place ADF was looking at. Promises were made and now that ADF is here they are committed and invested in the community. He feels that the promises made and conversations had should be lived up to.

Mr. Woith discussed the periphery effects of the primary sector jobs created. Great Falls hasn't seen a company build a facility like ADF's and employ as many people as quickly as they did probably since the Anaconda Company. This was a gigantic victory for the City of Great Falls. The City needs to continue to show the State of Montana and everyone else out there that Great Falls is serious and wants your business to come to Great Falls, wants you to be successful and to be a member of the community.

Jennifer Rohrbach, ADF Human Resources Director, 1900 Great Bear Avenue, commented that ADF broke ground on its facility three years ago this month. In those three years ADF has hired over 200 employees. ADF has good paying jobs with great benefits. This year she anticipates payroll to exceed \$8 million dollars which comes back to Cascade County and the City of Great Falls.

Jeremiah Johnson, 1900 Whispering Ridge Drive, commented that he was formerly with GFDA and involved in the recruitment of ADF. He pointed out that when the announcement was made that Great Falls had landed ADF, it not only made headlines in Montana, but it made headlines internationally. Undoubtedly, it is complicated to land a deal of this magnitude. GFDA put its best foot forward speaking for the City of Great Falls, Cascade County and the State of Montana. ADF has invested over \$40 million dollars in the plants and employs over 200 people. It is in the best interest of the City of Great Falls and its future to approve the tax abatements.

Jason Keiser, 3930 Lower River Road, commented that he first helped ADF with its retirement plan. He showed ADF their different options and made recommendations. The plan ADF offered their employees was even better than what he recommended. ADF invests heavily in their employees. It is a great company to support and Great Falls is lucky to have them in town.

Susan Wolff, Great Falls College MSU, residing at 2226 2nd Avenue North, commented that when it was announced that ADF was coming here, Great Falls College MSU stepped up and said what can we do to help ADF have the workforce that they needed to be successful. Thirty-five percent of the approximately 200 employees are graduates of their welding program. Enrollment has grown 60% from 44 to 105 and they have capacity to enroll up to 120 students. She also discussed the multiplier effect and the investments made by the state and by the college from federal grants that amount to \$4,158,628 invested in the program and that go back into the community.

Dwight Holman, 1940 Airport Court, part owner of Holman Aviation and investor with the GFDA, believes that the future success of Great Falls is dependent on diversifying and growing

the economy. When ADF made the decision to locate in Great Falls the City took a huge step forward with expanding its local economic engine. He understands that ADF employs over 200 employees who are likely paying property taxes. When ADF started hiring employees he reported that he indirectly encountered a problem with his own business. That being employee recruitment and retention. He solved that problem by raising the hourly pay to his employees. This is a classic example of positive effects of local, economic growth. Mr. Holman further reported that the executive management of ADF flies to Great Falls on a regular basis. Since late 2013 ADF has purchased over \$110,000 of services from his business, and 28,000 gallons of jet fuel. Fuel that was manufactured here in Great Falls at Calumet Montana Refining. He encouraged the Commission to not be short sided with denying established economic growth tools to businesses that are very important to our economy. He suggested if the Commission rejects these resolutions it will be sending a very loud and negative signal to other businesses that are considering Great Falls for their future expansion. He is confident the City will receive the tax abatements not directly from ADF but indirectly from the growth of Great Falls and the ongoing business recruitment by GFDA.

Dana Engstrom, PayneWest Insurance, commented that for the past three years ADF and PayneWest have been great business partners. ADF is collaborating with other businesses. She looks forward to continue to work with ADF and support them in their needs. She urged the City Commission to do the same. In turn, Great Falls can grow and be successful as well.

Jolene Schalper, Great Falls Development Authority, 300 Central Avenue, commented that what is before the Commission is whether or not to approve a tax abatement in a TIF district. GFDA agrees with the Commission's decision that should not be done any more. However, in this instance what she wants the Commission to consider is keeping the community incentive package that was promised to ADF.

Trevor Floerchinger, ADF Production Manager, commented that if it was not for the people that stood up in our community and competed for ADF to locate here, these opportunities would not be here. It is an important message to send to other companies that Great Falls is a good place to locate a company and offer opportunities to community residents. He is thankful for the opportunity ADF presented him.

Anthony Hagland, ADF Coating Inspector, commented that ADF provided him an opportunity for education, advancement, a career and longevity in Great Falls. With that opportunity, he has been given a chance for a career that will provide for his family for years to come in Great Falls. Without ADF, he doesn't believe that opportunity would have produced itself in Great Falls.

Bob Butcher, 508 James Avenue, commented that ADF is a responsible corporate citizen and a valued business partner and employer to numerous Great Falls businesses, individuals and families.

Brad Talcott, 2801 4th Avenue North, commented that he was involved in the early stages when ADF was in the site selection process. At that time the City, County, Development Authority, and the College stepped up to the plate and did what they committed to do to get ADF here. What he believes made this happen was the one to one relationship, making a commitment and shaking hands on it. At a ceremony for the MSU-College of Great Falls for the completion of the

welding facility, one of ADF's executives said to him a lot of people in Canada and elsewhere could learn a lot about how Great Falls handled this. He urged the Commission's support and standing behind that expectation of the hand shake of what we thought was being committed in the first place.

Joe (last name inaudible) ADF employee, discussed the trickle down affect. After getting a job offer from ADF, he moved here from Orlando, Florida with his family and is now in the process of buying a house in Great Falls.

James Campbell, ADF employee, started with ADF as a crane operator. ADF has been incredibly generous with time and training. He has advanced to Safety Manager after he was provided OSHA certification education at Washington at no cost to him. It put himself in a better place with a great career. He discussed values, beliefs, integrity, courage, and standing behind your word.

Speaking in opposition to Resolution 10137 was:

Ron Gessaman, 1006 36th Avenue NE, commented that a representative of ADF presented the project at a Neighborhood Council meeting he attended about three and a half years ago. The representative indicated that the company would not request tax benefits and would be paying for everything itself. Because ADF moved into a TIF district and received tax benefits, received a low interest loan from the Board of Investments, and received money to hire workers, he felt disappointed and deceived. He also discussed the beneficial use tax and whether those monies should be going to the TIF district or general fund to pay for public safety services.

There being no one further to address the Commission, Mayor Kelly closed the public hearing and asked the will of the Commission.

Commissioner Jones moved, seconded by Commissioner Houck, that the City Commission adopt Resolution 10137.

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

Commissioner Jones explained that, because ADF is located within a TIF District, the City's portion of those taxes goes into the TIF fund to pay for infrastructure. It was agreed that no taxes would come to the City in the first place. He expressed concern about setting precedent. It's complicated and a difficult decision because no taxes go into the general fund to pay for police and fire services.

Commissioner Houck applauded those individuals that spoke tonight on behalf of ADF. Her opinion is to uphold the business agreement. She also shared the concerns expressed by Commissioner Jones.

Commissioner Burow discussed being misinformed by the State about the taxes, and that it was part of the deal to bring ADF here. It's a valued company that takes care of its employees. He requested clarification regarding the beneficial use tax.

City Attorney Sara Sexe responded that is a complicated issue that the City will have to work through with the Department of Revenue.

Commissioner Bronson inquired how the tax payment is allocated.

Fiscal Services Director Melissa Kinzler responded that a majority of ADF's taxes go into the TIF. Brenda Ivers with the Department of Revenue has helped with the calculations for the beneficial use tax.

Commissioner Bronson commented that if the Commission grants the abatement less money will be going into the TIF.

Commissioner Jones commented that when the original agreement was entered into, the City was to receive no taxes. At least the TIF has tax monies going into the fund that will incrementally increase. Staff made a recommendation based on the criteria approved by the Commission.

Commissioner Bronson discussed elected officials having to consider not only the benefits an entity might bring to a community but balancing that with the needs of the entire community or the public interest. The criteria adopted by the Commission last fall to deal with tax abatements are an example of that effort to try to find a balance. When representatives of Great Falls Development Authority (GFDA) go out into the community to advocate for a business to come here, they certainly make no promises whatsoever what the elected officials may or may not do when it comes to making critical decisions related to the public interest. The Commission is not very happy about the representations made to the Commission by the Board of Investments. As an elected official it makes him reluctant to grant a tax abatement to anyone within a Tax Increment Financing (TIF) District knowing that down the road the City will have to come up with revenues for a major storm water project that would normally be funded out of TIF funds.

Mayor Kelly expressed appreciation to ADF for its accomplishments and the contributions made to the community. The point is when it was originally approved by the Commission the TIF district was to receive no money from ADF for 15 years. As the MBOI mistake was realized, the City now has the opportunity for 50% of found money for the next 10 years. It is money directed to the TIF District and will help with improvements.

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

Motion carried 4-1 (Commissioner Bronson dissenting).

19. RESOLUTION 10138, A RESOLUTION APPROVING THE APPLICATION FOR NEW OR EXPANDING INDUSTRY TAX BENEFIT FOR ADF INTERNATIONAL INC., 1914 GREAT BEAR AVENUE, FOR THE CONSTRUCTION OF A STEEL FABRICATION PLANT.

Planning and Community Development Director Craig Raymond reported that this public hearing is to consider Resolution 10138 to approve an application for a New or Expanding Industry Tax Benefit. ADF International, Inc. has submitted an application for the tax benefit and is requesting that the City Commission approve the tax benefit of approximately \$109,607. For background, ADF International received a building permit in April, 2013, for the construction of

a 100,000 square foot fabrication shop on a parcel of land consisting of approximately 95 acres. The fabrication plant in Great Falls, Montana, specializes in the fabrication of structural steel components, as well as the fabrication of modular steel structures. When the fabrication plant was completed in 2014, the Department of Revenue verified that the improvements had been made. In 2016, the fabrication plant building had an appraised value of \$11,870,830.

It should be noted that the taxes being considered tonight are for City taxes only. An additional application will need to be submitted to the proper authorities in order to receive additional benefits through Cascade County or other jurisdictions.

Pursuant to MCA 15-24-1401, New or Expanding Industry Tax Benefit provides for property tax abatement on a portion of the City property taxes generated by new developments. Ordinarily, the discount on new property taxes would be 50% in Years 1-5, 40% in Year 6, 30% in Year 7, 20% in Year 8, and 10% in Year 9. In Year 10 and in subsequent years 100% of the additional property taxes resulting from the new development would be due. In this case, because ADF filed the application after March 1st of the first year in which the benefit was applicable, they will not receive the full benefit if the City Commission approves the request. They will only receive eight of the 10 years which the state statute provides for.

The City Commission adopted Resolution 10119 in December, 2015, establishing review criteria when considering tax abatement applications for qualifying new and expanding industries. In reviewing the application against the criteria, staff finds that the application and merits of the request do not meet the criteria established by the Commission. Staff finds that the criteria seem to discourage approving abatements when other benefits have been granted by the City or other jurisdictions. In this case, ADF has benefited from the MBOI very low interest loan and Big Sky Trust Fund grants of approximately \$785,325. Other criteria deals with TIF districts and any possible effect on increment generation. ADF is located within an established TIF district and the approval of the tax abatement will have a negative effect on tax increment which would otherwise be available to fund much needed infrastructure improvements in the area.

Mayor Kelly declared the public hearing open.

Speaking in opposition to Resolution 10138 was:

Ron Gessaman, 1006 36th Avenue NE, expressed opposition to the granting of any tax abatements for the reasons previously stated for Item 18. He provided and discussed a tax record he printed from the Department of Revenue's website that shows a market value of \$4,634,000, with a tax of over \$69,512. It shows the first half taxes of \$44,948 and the second half taxes of zero. He emphasized whatever decision the Commission makes is going to affect the local school district.

Mayor Kelly noted that for those that wish to speak as a proponent, the Commission understands the majority of the previous comments.

Speaking in support of Resolution 10138 were:

Gary Zadick, #2 Railroad Square, on behalf of ADF, expressed support for the same reasons set

forth in Agenda Item 18. He added that he confirmed with Brenda Ivers at the Department of Revenue this morning that the taxable values in the agenda report are accurate.

Dan Rooney, ADF Plant Manager, 1900 Great Bear Avenue, and **Jolene Schalper**, Great Falls Development Authority, 300 Central Avenue, also expressed support for the same reasons set forth in Agenda Item 18.

There being no one further to address the Commission, Mayor Kelly closed the public hearing and asked the will of the Commission.

Commissioner Jones moved, seconded by Commissioner Burow, that the City Commission adopt Resolution 10138.

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

Commissioner Burow commented that the Commission made no promises. He doesn't feel compelled to vote on this one in a positive manner.

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

Motion carried 3-2 (Commissioners Bronson and Burow dissenting).

20. RESOLUTION 10139, REMODELING, RECONSTRUCTION OR EXPANSION OF BUILDINGS OR STRUCTURES TAX BENEFIT FOR 3160 10TH AVENUE SOUTH.

Planning and Community Development Director Craig Raymond reported that this public hearing is to consider Resolution 10139 to approve an application for a Remodeling, Reconstruction or Expansion of Buildings or Structures Tax Benefit. Robert and Richard Zadick have submitted an application for the tax benefit and are requesting that the City Commission approve that the Construction Period is 2016 which will reduce the tax rate to zero percent for that portion of improvement value attributed to the remodel and expansion.

The property under consideration is located at 3160 10th Avenue South which is located within the city limits of Great Falls.

As required by statute, public hearing notices for this proposed action were published in the *Great Falls Tribune* on June 5th and June 19th 2016.

For background, the property owners, Robert and Richard Zadick, have leased their property to URM Stores Inc., who is undertaking a major remodel and expansion of the former IGA grocery store. The new building, once completed, will also be used as a retail grocery store of approximately 53,722 square feet in size. The full renovation and remodeling of the building is expected to be completed in late summer of 2016. The applicant is requesting approval of the Remodeling, Reconstruction, or Expansion of Buildings or Structures Tax Benefit. Note that any tax benefit is limited to the increase in taxable value created by the improvements.

The requested Remodeling, Reconstruction or Expansion of Buildings or Structures Tax Benefit

would provide the owners with property tax abatement on a portion of the additional city property taxes generated by the new investment. The discount on new property taxes attributed to increased value due to construction would be 100% during the Construction Period 2016 and would be subsequently reduced by 20% yearly until the fifth year which would ultimately result in a zero percent benefit that year and thereafter.

The City Commission established a policy to approve tax abatements for qualifying Remodeling, Reconstruction or Expansion of Buildings or Structures through Resolution 10119 which was adopted in December 2015.

Although it could be argued that the project is not dependant on the tax benefit in order to be successful, it still appears to be worthy of support when reviewed against the remaining criteria established by Resolution 10119.

Director Raymond added that information learned today was that the property taxes are delinquent on the property. He recommended that the City Commission approve the resolution contingent upon the owners of the property paying taxes prior to this resolution being recorded.

Mayor Kelly declared the public hearing open.

Speaking in opposition to Resolution 10139 was:

Ron Gessaman, 1006 36th Avenue NE, expressed opposition to giving tax benefits. If a business has a good business plan it doesn't need tax benefits to support or subsidize the business. He noted that he brought it to staff's attention that the taxes were delinquent. He was concerned if the Zadicks, as the owners of this property, qualified for the tax break because the statute refers to new business.

Speaking in support of Resolution 10139 were:

Gary Zadick, #2 Railroad Square, guaranteed the taxes would get paid. This tax abatement applies to remodeling, expansion or remodeling of the building and the statute does apply. A great amount of money is being invested in the building. The fact that they are taking on this project is spurring redevelopment interest in the area.

Randy McIntyre, 12605 North Spike Trail, Hayden, ID, commented that when he heard the former IGA grocery owners were not going to renew their lease on this property they had an interest. The property was somewhat blighted and was no longer competitive for retail use in this market. In working with City staff they were able to meet the updated landscaping, parking and design codes. There will be no lost tax revenue to the City. This request is for the increment on the real estate itself. There will be about a \$4.5 million dollar investment and the personal property will be about \$3.5 million. He noted that by upgrading a piece of property within the City it does not impact the City's infrastructure and it does increase the tax base. They intend to employ over 100 people at this site, adding about 60 jobs. They offer a good medical and retirement package for employees and their hourly wages are generally higher than competing establishments.

Neil Fortier, 212 38th Avenue NE, urged the Commission to use this tool to promote economic development in the City of Great Falls.

There being no one further to address the Commission, Mayor Kelly closed the public hearing and asked the will of the Commission.

Commissioner Bronson moved, seconded by Commissioner Jones, that the City Commission adopt Resolution 10139, contingent upon the applicant providing satisfactory proof to the Planning and Community Development Department that it is current on all property tax obligations.

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

Commissioner Bronson commented that by adding the contingency the Commission was able to act on the resolution tonight. Additionally, in response to a comment, the tax benefit is entirely appropriate for this type of project. The old building was in sorry shape. Renovating the building is what this particular abatement was designed to do to incentivize it.

Commissioner Burow inquired about the delinquent taxes and was informed the last half tax payment is delinquent and this property is not in a TIF district.

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

Motion carried 5-0.

21. RESOLUTION 10141, ESTABLISHING PROCEDURES AND A FEE SCHEDULE FOR COPIES AND RESEARCH OF PUBLIC RECORDS.

City Clerk Lisa Kunz reported that the 2015 Montana legislature completely rewrote Montana's public records statutes. The legislature enacted HB 123, which repealed Montana's long standing public records statutes and replaced them with an entirely new set of laws. The purpose was to ensure efficient and effective management of public records and public information, in accordance with Article II, Section 8 – 10, of the Montana constitution, for the state of Montana and its political subdivisions. These new laws went into effect on October 1st.

Adoption of Resolution 10141 would only make a few changes to the City's current procedures and would consist of: providing the requester with an estimation of costs; recoupment of actual costs incurred in responding to requests; and providing the requester with a written explanation should it be determined to deny all or part of a request.

The requested action is to adopt Resolution 10141 that would update the records request procedures and fees adopted by the City Commission in 2011 to be consistent with new public records statutes recently enacted by the state legislature.

Mayor Kelly declared the public hearing open.

No one spoke in support of Resolution 10141.

Speaking in opposition to Resolution 10141 was:

Ron Gessaman, 1006 36th Avenue NE, commented he was concerned draft documents would be excluded from being produced, and the 10 day timeframe for responses to records requests.

John Sturgeon, 121 2nd Street NW, referred to the Privacy Act and spoke in opposition to release of personal information.

There being no one further to address the Commission, Mayor Kelly closed the public hearing and asked the will of the Commission.

Commissioner Burow moved, seconded by Commissioner Houck, that the City Commission adopt Resolution 10141, establishing procedures and a fee schedule for copies and research of public records.

Mayor Kelly asked if there was any discussion amongst the Commissioners. Hearing none, Mayor Kelly called for the vote.

Motion carried 5-0.

OLD BUSINESS

NEW BUSINESS

ORDINANCES/RESOLUTIONS

22. RESOLUTION 10142, RESOLUTION RELATING TO \$28,600,000 WATER SYSTEM REVENUE BONDS (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM), 2016 PROJECT; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF.

Fiscal Services Director Melissa Kinzler reported that at the March 15, 2016 City Commission Work Sessions, as part of the Water, Sewer, and Storm Drain rate increase presentations, the Public Works Department discussed the many water upgrades needed at the Water Treatment Plant. The Public Works Department went into great detail about what construction would be required to meet the regulatory requirements and plant upgrades.

Resolution 10142 authorizes debt issuance from the Department of Natural Resources and Conservation (DNRC) for Water Treatment Plant Facility upgrades. The total expected debt issuance for Water Treatment Plant Facility upgrades is \$28,600,000. This includes construction, construction engineering, bond reserves, and bond counsel fees and related costs. The terms of the debt issuance will be 2.50% per annum for 20 years. The bond will be issued as one or more series not to exceed \$28,600,000.

On June 7, 2016 the City Commission awarded a contract in the amount of \$24,860,109 to Sletten Construction Company for the Water Treatment Plant Improvements Phase 1 - UV and Chemical Building, Surge Tank, and Electrical Building project.

The newly adopted water utility rates effective June 1, 2016, are capable of supporting this debt issuance.

Commissioner Houck moved, seconded by Commissioner Bronson, that the City Commission adopt Resolution 10142.

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

Commissioner Jones noted that Director Rearden has kept the City Commission well informed.

Mayor Kelly added that the taxpayers benefit doing this project now with those rates.

There being no further discussion, Mayor Kelly asked if there were any comments from the public. Hearing none, Mayor Kelly called for the vote.

Motion carried 5-0.

CITY COMMISSION

23. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

Commissioner Houck announced that cats can be adopted from the Animal Shelter for \$25 until the end of the month; that there is a form on the City's website to claim stolen property from the Great Falls Police Department; and that the golf courses and the Electric City Water Park are open for the summer.

City Attorney Sexe added that the Great Falls Police Department is attempting to notify owners of property that includes evidence in misdemeanor cases held by the Police Department.

Mayor Kelly reminded everyone about responsible use of fireworks. Flyers went out in the utility bills asking people to be considerate of pets, be courteous and clean up the mess, and be compassionate for our veterans.

He further expressed appreciation to the Park and Recreation Department, public safety personnel and the volunteers that participated in the recent community events.

24. COMMISSION INITIATIVES.

There were no Commission initiatives.

ADJOURNMENT

There being no further business to come before the Commission, **Commissioner Jones moved, seconded by Commissioner Houck, to adjourn the regular meeting of June 21, 2016, at 9:35 p.m.**

Motion carried 5-0.

Mayor Bob Kelly

City Clerk Lisa Kunz

Minutes Approved: July 5, 2016