

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, Bob Jones, Bill Bronson, Tracy Houck and Fred Burow. Also present were City Manager Greg Doyon; Deputy City Clerk Darcy Dea; Public Works Director Jim Rearden; Planning and Community Development Director Craig Raymond; Fiscal Services Director Melissa Kinzler; Fire Chief Steve Hester; City Attorney Sara Sexe; and, Police Chief Dave Bowen.

SPECIAL PERFORMANCE: Great Falls College Community Choir performing Christmas Music.

AGENDA APPROVAL: City Manager Greg Doyon noted Item 12 had an update to the Agenda Report. The agenda was approved as submitted.

FIREFIGHTER OATHS: Mayor Kelly performed the swearing in ceremony for Fire Fighter Jedidiah Sauder.

*** 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.

Richard Liebert, 289 Boston Coulee Road, expressed satisfaction with regard to honoring the first responders. Mr. Liebert announced that December 7th is the 75th Anniversary of Pearl Harbor.

John Hubbard, 615 7th Avenue South, discussed opposition to the school bond levies and the increase in taxes.

NEIGHBORHOOD COUNCILS

2. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

Kathy Gessaman, NC 3, gave an update of the December 1st Neighborhood Council 6 meeting.

Mayor Kelly mentioned that Neighborhood Councils have again been reporting at the work sessions prior to Commission meetings.

BOARDS & COMMISSIONS

3. APPOINTMENT, GREAT FALLS TRANSIT DISTRICT BOARD

Commissioner Jones moved, seconded by Commissioner Burow, that the City Commission appoint Donna Zook to the Great Falls Transit District Board for the remainder of a four-year term through November 30, 2018.

Mayor Kelly noted that two applicants were interviewed for the position.

Commissioner Bronson discussed the interview process.

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

Richard Liebert, 289 Boston Coulee Road, expressed satisfaction with regard to the appointment of Donna Zook. Mr. Liebert commented that there are opportunities to expand service of the transit into the evening.

Commissioner Burow responded to Mr. Liebert's comment that expanding the service of the transit has been talked about over the years.

Ron Gessaman, 1006 36th Avenue NE, concurred with Mr. Liebert's comments.

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

Motion carried 5-0.

4. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS FROM BOARDS AND COMMISSIONS.

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

CITY MANAGER

5. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

City Manager Greg Doyon commented that the City Attorney's office continues to look at Marsy's Law that was passed by Citizen's Initiative with regard to what the potential could be to the City and local court jurisdictions.

Manager Doyon reported that the meeting of the Great Falls and Cascade County Region Leaders and Montana Legislators went well.

Manager Doyon noted that the City has offered Business Case Studies to help University of Great Falls students with their projects.

Manager Doyon reported that the Maclean Animal Adoption Center has not provided what was asked. Manager Doyon noted that the Maclean Animal Center has changed the proposal. He explained that at the Work Session the Maclean Center represented that the City has the expertise to run the shelter, but now they are proposing that it be operated by the foundation employees.

Manager Doyon suggested giving the Maclean Animal Adoption Center time to demonstrate that they know how to operate a facility before taking over operations.

Commissioner Burow concurred with Manager Doyon.

Mayor Kelly requested that the new proposal be circulated to the Commission.

Commissioner Jones expressed opposition with proceeding until seeing the new proposal.

Commissioner Bronson expressed concern with regard to making a decision due to the amount of money involved. Commissioner Bronson requested to see the new proposal before proceeding.

Commissioner Houck supports the idea of a partnership with the Maclean Animal Adoption Center. She expressed concern about the amount of time spent getting to that point. Commissioner Houck commented that the proposal is not workable until the Maclean Center responds to the City's request.

Manager Doyon responded that the Maclean Animal Adoption Center proposal will be added to a future Agenda.

*Commissioner Bronson stepped out of the meeting at 7:40 pm and returned at 7:41 pm.

CONSENT AGENDA.

6. Minutes, November 15, 2016, Commission meeting.
7. Total Expenditures of \$2,367,994 for the period of November 1, 2016 through November 23, 2016 to include claims over \$5,000, in the amount of \$1,972,926.
8. Contracts list.
9. Lien Release list.
10. Approve final payment for the Lift Stations #2, #20 and #24 Can Replacement and Miscellaneous Improvements in the amount of \$68,987.18 to Central Excavation and \$696.84 to the State Miscellaneous Tax Fund and authorize the City Manager to make the payments. **OF 1457.8**
11. Approve final payment for the 10th Alley South / 5th Street South Sanitary Sewer Reroute in the amount of \$2,924.30 to Central Excavation and \$29.54 to the State Miscellaneous Tax Fund and authorize the City Manager to make the payments. **OF 1695.2**

Commissioner Burow moved, seconded by Commissioner Jones, that the City Commission approve the Consent Agenda as presented.

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.

PUBLIC HEARINGS

12. RESOLUTION 10161, APPLICATION FOR THE NEW OR EXPANDING INDUSTRY TAX BENEFIT FOR CALUMET MONTANA REFINING LLC, 1900 10TH ST NE, FOR THE EXPANSION OF A PETROLEUM REFINERY.

Planning and Community Development Director Craig Raymond reported that this is the public hearing to consider Resolution 10161 to approve an application for a New or Expanding Industry Tax Benefit. Calumet Montana Refining, LLC., has submitted an application for the tax benefit and is requesting that the City Commission approve the tax reduction of approximately \$6.3 million dollars.

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, and incrementally increases each year until it reaches the full tax rate. In Year 10 and in subsequent years 100% of the additional property taxes resulting from the new development would be due. After year 10 Calumet will have depreciated much of the value of the improvements.

Fiscal Services Director Melissa Kinzler explained the depreciating principle and its impact after the tax abatement has expired.

Community Development Director Craig Raymond further reported that the City Commission adopted Resolution 10119 in December 2015 establishing review criteria when considering tax abatement applications for qualifying new and expanding industries. In developing the recommendation, staff reviewed the application against the criteria that the City Commission adopted in last year.

There are also other criteria to consider in evaluating any application. One of those factors is whether an approval would have an adverse impact on municipal services..

Throughout budget discussions, there have been many critical needs that have been deferred because of budget and revenue shortfalls. These have been very difficult decisions for the Commission to make. The needs persist and have even grown larger over time. Consider the need to hire additional police department personnel or fire fighters as just one example. These are some very real and very important needs in order to provide just basic levels of safety and

protection to the community.

There are several million dollars just in deferred maintenance to city infrastructure. The Civic Center alone is facing a project that by itself is estimated to cost more than \$4 million dollars. The City Commission just adopted a Parks Master Plan that identifies over \$12 million dollars in needs and deferred maintenance and that does not include the golf courses. The police department needs additional space for evidence storage and other needs. The fire department is doing its best to patch together existing fire stations let alone building a new one to address growth in the community. GFFR is already concerned about response times in some of the new growth areas of the city. Roads projects have been delayed by MDT due to budget shortfalls and uncertainty about the next state transportation budget. There are unmet past needs as well as future issues.

The City has demonstrated its support for the project itself through land use decisions. There is a cost for emergency services that cannot be denied especially for a site that is deemed to be a high hazard not just because of its fire or explosive potential but also because of its environmental potential.

Public hearing notices were published in the *Great Falls Tribune* on November 27th and December 4th 2016. The requested actions are that the City Commission conduct the public hearing and deny Resolution 10161.

Mayor Kelly declared the public hearing open.

Speaking in support of Resolution 10161 were:

Wayne Leiker, Calumet Vice President, 3008 6th Ave So, provided and discussed a handout explaining the historical record of the Refinery Industry in Montana. Mr. Leiker further explained the statistics with regard to Calumet. Mr. Leiker discussed the benefits provided to the City through the Calumet Montana Refinery low sulfur fuels expansion project.

Michael Spragg, United Steel Worker's Local 491 President, 229 Riverview 2 East, commented that a number of high paying jobs have been created through Calumet. Mr. Spragg further noted that the community depends on the success of Calumet.

Mayor Kelly noted that there were written letters in support of and in opposition to Resolution 10161.

Daniel Leach, 455 US Highway 89, with regard to granting the New or Expanding Industry Tax benefit commented that the tax burden at Calument will increase at least by three times, noting that is nowhere in proportion to what the increase in what the earnings will be.

Lee Haven, Loenbro and Energy Services and Construction Company Chief Business Development Officer, 1900 32nd Avenue North East, commented that the success of Calument has helped the community.

Dan Rooney, ADF General Manager, 1900 Great Bear Avenue, commented that the tax

abatement needs to be looked at as a long term investment for further growth and development to the community. He summarized that investing in new and expanding business has to happen to increase the tax base without having the burden on the residents of Great Falls.

Brad Talcott, 2801 4th Avenue North, discussed the policies with regard to granting tax abatements. Mr. Talcott suggested that the Commission discuss the tax abatement and come to a compromise.

With regard to Mr. Talcott's statement that the City and Calumet come to a compromise, Mayor Kelly responded that the abatement is State mandated.

Brad Livingston, Great Falls Area Chamber of Commerce President, 100 1st Avenue North, noted that the Chamber of Commerce takes no position on Calumet's application. The Chamber Bi-laws require the Board of Director's approval for specific requests. Mr. Livingston noted that the Chamber of Commerce was unable to bring Calumet's request to the Chamber's Board before the December 6th Commission meeting.

Glenn Bliss, General Distributing Company President, 2009 Whispering Ridge Drive, noted that his company is one of the 56 businesses that Calumet has invested in. Mr. Bliss commented that the New or Expanding Tax Industry benefits the Community.

Dexter Busby, 260 Dune Drive, expressed concern with regard to the impact of the economic Incentives if Resolution 10161 is denied.

Daniel Lopez, 1210 Franklin Avenue, noted that he is representing small companies. Mr. Lopez encouraged the Commission to stand behind Calumet.

Micah Jam , 773 Anderson Road, discussed the importance of supporting industry.

Jason Pence, 120 13th Avenue South, discussed the close relationship that Calumet has with the Great Falls Fire Rescue and Police Department. Mr. Pence thanked the Commission for allowing the Emergency Response Team to train with Calumet employees.

Jolene Schalper, Great Falls Development Authority, 300 Central Avenue, provided and discussed a handout discussing the incentives for companies to invest in Calumet. Ms. Schalper commented that the GFDA considers the Montana Refining expansion as a business investment attraction that benefits the community.

Mayor Kelly read written communications in support of Resolution 10161 from House District 20 Representative-Elect Fred Anderson, House District 21 Representative Tom Jacobson, House District 26 Representative Casey Schreiner, and Senator Edward Buttrey.

Speaking in opposition to Resolution 10161 were:

Donna Williams, 2916 2nd Avenue North, discussed the environmental effects associated with fossil fuels. Ms. Williams suggested that Calumet pay their fair share of taxes.

Eric Ray, NC 5, 3401 15th Avenue South, discussed pros and cons to property owners if the tax abatement is allowed. Mr. Ray suggested that the Commission consider finding middle ground.

Richard Liebert, 289 Boston Coulee Road, commented that tax payers need to consider what the City has already done with regard to helping businesses. Mr. Liebert further commented that approving the tax abatement would be a tax loss to the community. Mr. Liebert concluded that in 2013 the City took a \$2,000,000 debt from Calumet to help pay the electricity from ECP.

Kathy Gessaman, 1006 36th Avenue NE, commended City Staff with regard to the Agenda Report. Mrs. Gessaman concurred with what was stated in the report. She further reported that the air quality has been worse since the expansion of Calumet.

John Hubbard, 615 7th Avenue South, discussed Environment Protection Agency (EPA) regulations. Mr. Hubbard expressed opposition with regard to paying high taxes.

John Dillon, 2820 4th Avenue North, commented that fossil fuels have an effect on the future of the environment.

Ron Gessaman, 1006 36th Avenue NE, referring to the Agenda Report recommendations, Mr. Gessaman expressed opposition with regard to awarding Tax Abatements and TIF's to businesses that don't have a good business plan. Mr. Gessaman further expressed concern with regard to the amount of money of the Abatement in the Agenda Report.

Written communication in opposition to Resolution 10161 were received from Richard Liebert via Citizen Request number: 39561; Kay Silk via Citizen Request number: 39611; Jay Buckley via Citizen Request number: 39631; Justin Sakalis via Citizen Request number: 39801; Ann Schneider via Citizen Request number: 39811, and from Starshine; Stuart Lewin; Mary Thibaudeau; Gerry Jennings; Gordon Whirry; Charles Jennings; Neil Taylor; Donna Kramer; Aart Dolman; and Dennis Petrak via email.

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

Commissioner Houck moved, seconded by Commissioner Bronson, that the City Commission deny Resolution 10161.

Referring to Mr. Leiker's presentation, Mayor Kelly received clarification with regard to the time line that the application came before the City.

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

Commissioner Houck discussed that due process is a factor with regard to denying the tax abatement. Granting huge tax abatements shifts the cost burdens of the City's infrastructure needs to others. She noted that Calumet has been a great partner. Commissioner Houck expressed concern that Calumet waited to apply for the tax abatement. She commented that Calumet reported it had no future plans to expand when they first applied for zoning changes.

Commissioner Jones expressed concern with regard to the size of the abatement. He noted that requesting abatements needs to be upfront so that the City can make choices. Commissioner Jones further commented that Calumet is a public safety hazard.

Commissioner Bronson reported that he received a phone message from a Representative of the Montana Petroleum Association. He did not return the call due to the nature of the tax abatement request. With regard to granting the abatement, Commissioner Bronson commented that the resources are not there. He noted that the City would lose tax revenue if the abatement was granted. Commissioner Bronson concurred with Commissioner Jones' statement that Calumet is a public safety hazard. He commented that there would be more higher income jobs if the tax abatement is granted, but noted that the City would not be able to hire additional Fire Rescue or Police or repairs to the infrastructure would not occur. Commissioner Bronson further commented that each application requesting the tax abatement is judged on its merits and that the decision is made with the best interest of the community as a whole.

Commissioner Burow commented that there are numerous infrastructure needs that may require a bond issue. Commissioner Burow noted that the City has supported Calumet's endeavors, such as zoning changes and permits with regard to helping them move forward.

Mayor Kelly expressed appreciation to Calumet for being a great partner. Mayor Kelly discussed statistics with regard to previously granted tax abatements. Mayor Kelly noted that compromise is the best option; however, the City is restricted in funding elsewhere except for enterprise funds and property taxes.

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

Motion carried 5-0.

OLD BUSINESS

NEW BUSINESS

ORDINANCES/RESOLUTIONS

CITY COMMISSION

13. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

There were no miscellaneous reports and announcements.

14. COMMISSION INITIATIVES.

Mayor Kelly requested that a Legislative Update section be added to the Agenda. There were no objections.

ADJOURNMENT

There being no further business to come before the Commission, **Commissioner Bronson moved to adjourn. Hearing no objections, Mayor Kelly adjourned the regular meeting of December 6, 2016, at 9:35p.m.**

Motion carried 5-0.

Mayor Bob Kelly

Deputy City Clerk Darcy Dea

Minutes Approved: December 20, 2016