

A COMMISSION MEETING OF AUGUST 4, 2014 WHICH WAS HELD AT THE CENTRAL MONTANA COMMUNITY CENTER AND STARTED AT 7:00 P.M.

CALL TO ORDER

Chairman Doney called the meeting to order.

PLEDGE OF ALLEGIANCE

Chairman Doney asked everyone to stand and say the Pledge to the Flag.

ROLL CALL

Present were Commissioners: Doney, Gremaux, Hewitt, Poss, Putnam and Turk.

APPROVAL OF MINUTES

Commissioner Turk made the motion to approve the July 7, 2014 minutes and Commissioner Hewitt seconded the motion. The motion passed unanimously. Commissioner Doney reported that the July 21, 2014 have not been completed.

COURTESIES

There were none.

PROCLAMATIONS

There were none.

BOARD AND COMMISSION REPORTS

Commissioner Putnam reported that there has not been a Park and Recreation Board meeting recently but she did attend the County Commissioner meeting on July 28, 2014.

CITY MANAGER REPORT

City Manager Kevin Myhre discussed the following issues:

The City has received the mill values for the City of Lewistown from the Department of Revue. The mill value for the City dropped from \$5,962 to \$5,813. The reduction was due to the reduction in personal property taxes approved by the 2013 Legislature. The legislation increased the exemption threshold for personal property from \$20,000 to \$100,000. As a result, more mills will need to be levied toward the properties still taxed in order to raise the same amount of funding.

The design for the fairgrounds water and sewer system has been completed and the plans have been delivered to DEQ and the City for review. Superintendent of Operations Holly Phelps is reviewing the plans with the water and sewer staff. The bond counsel for the project is Bob Murdo with Jackson, Murdo and Grant and he is putting together the legal documents for the project funding. An interlocal agreement will be required between the City and the County for the infrastructure and the service delivery. The agreement is on the agenda tonight for consideration by the Commission.

The Montana Conservation Corp will be in Lewistown to work with the Friends of the Trails and the Big Spring Creek Watershed Council to make improvements at the Fish Hatchery. They will work on some of the rock walls in the pool and also possibly on some walking paths.

The Airport Board has obtained a second appraisal for the property the State needs to purchase for the highway project. A copy has been sent to the state with a request for a purchase proposal utilizing the new information.

Airport Manager Jerry Moline has delivered the airport annual report to the City with the Airports operational information from the last fiscal year. It included a list of projects, a budget summary and board minutes from the fiscal year. A copy has been placed in the Commissioners packets. Mr. Myhre reviewed the following: negotiated a five year lease on the farming with Curt Hartman, ARFF building is nearly completed with grant money, ARFF truck has been ordered and should be here in September, wildlife hazard study completed, security fence is completed, looking to get a bobcat for snow removal this fall with new grant money and pavement rehab will begin in August with grant money.

The City Manager put together a spreadsheet showing the effects of the County's Recreation District Committee preferred proposal on properties valued very close to \$100,000. It also multiplies the number to show the effects on more valuable properties. The copy was included in the packets for review.

CONSENT AGENDA

Commissioner Putnam made the motion to approve the consent agenda and Commissioner Hewitt seconded the motion. The motion passed unanimously. The consent agenda was the acknowledgement of the claims that have been paid from July 18, 2014 to July 31, 2014 for a total of \$64,457.68.

REGULAR AGENDA – Resolutions, Ordinances & Other Action Items:

1. Discussion and action on nominating and appointing a Commissioner for Ward I for the remainder of the unexpired term vacated by Alissa Berry

Mr. Myhre explained the Ms. Alissa Berry resigned effective July 1, 2014 and the City Commission asked the City Manager and staff to advertise for the position and it was advertised for little over a month now. Mr. Myhre further explained that the position was advertised for a month and no one put their name in prior to the deadline. The deadline was extended to July 20th

and five people submitted their names for consideration of Ward I Commissioner. Mr. Myhre read the names of those interested as follows: Richard Battrick, Dave Byerly, Richard Krillenberger, Rod Richards and Ethan Waltenbaugh. Commissioner Doney explained that in the past if you submitted a letter of interest and you are present in the audience and would like to make a statement and then the Commission can ask questions if they choose to do so. Mr. Richard Battrick commented that he is always a member of the general public and since no applied before the first deadline and decided to give it a try and he is concerned about the medical situation in the community. Mr. Dave Byerly thanked the Commission, stated that he owned and operated the News Argus for 25 years and covered the then City Council meetings, and then he sold the News Argus and worked for one of Lewistown's best companies where he learned a lot. Mr. Byerly stated that his background is in the private sector and Lewistown has been awfully good to his family and it is a great place to raise a family. Mr. Byerly stated that he followed the Commission's efforts to find a City Commission and talked with Mr. Myhre asking who he could call in Ward I to serve, however he just finished an eleven year commitment that took a lot of his time and figured that instead of calling someone he should just step up to the plate and if it is the will of the Commission he would be honored to serve. Mr. Richard Krillenberger stated he does not have any comments. Mr. Rod Richards and Ethan Waltenbaugh were not present. Commissioner Putnam asked what the address was for Mr. Ethan Waltenbaugh. Commissioner Doney stated that she thought they would inquire about the address if he showed up at the meeting. Finance Officer Nikki Brummond answered that he lives in the 600 block of Pine St which would put him residing in Ward III. Commissioner Turk made the motion to appoint Mr. Dave Byerly with all of his community background, board experience and business experience would be a great addition to the Commission and Commissioner Putnam seconded the motion. Those voting in favor were Commissioners: Doney, Gremaux, Poss, Putnam and Turk. Commissioner Hewitt voted against. City Clerk Nikki Brummond swore Dave Byerly in as Commissioner Ward I. Commissioner Putnam thanked everyone that showed interest in the vacant Commission position and loved reading all of the answers and letters.

2. Public hearing to hear comments on an ordinance establishing the Lewistown Urban Renewal Area, creating the Lewistown Urban Renewal District and adopting the Lewistown Urban Renewal District Plan with a Tax Increment Financing Program pursuant to Title 7, Chapter 15, Part 42 and 43 of the Montana Codes Annotated

Mr. Myhre stated that before starting the public hearing and taking comments on the proposed urban renewal area and the issues associated with the tax increment financing district he wanted to explain why the City Commission felt the need to move forward with a TIF district, what the benefits are and affects of the TIF district on property owners. TIFD is a tax increment financing district and is one of the few tools left for economic development for local governments to utilize in trying to reestablish active, efficient and effective business centers. The City of Lewistown has decided to create a TIFD for the downtown area. Mr. Myhre asked if anyone feels that the City of Lewistown's downtown is in great shape and does not need any help and moving in a good direction or thriving. The idea of a TIFD is to identify an area that has blight. The City Commission has determined that there is a lot of deteriorating infrastructure in the downtown area was a blighted area. The Commission then decided to look forward and establish an urban renewal area and put some tools in place to bring it from where it is today to where the condition

is improved versus continuing to deteriorate. The Commission established a boundary for the TIF district. The Commission has been working to identify and determine if the TIFD would be beneficial for an area that needs to be revitalized, is it accounted for in the City's growth policy, it is a tool allowed in City code. Once that is done the City can create a TIFD. As part of the process of creating a TIFD all property owners must be notified what a TIFD is and how it affects them if they are included in the district. Mr. Myhre explained what a TIFD does; it does not increase your taxes if you are in a TIFD, unless you increase your property value by improvements. Once the TIFD is established and pass a TIF district a base line for taxes is established; which is the total tax base for the total property in the district. Therefore, if nothing changes this will be the tax base going forward. When your property value goes up your property value goes up; however if the property is located inside a TIFD then that increment above where it was before is set aside to only be used in the district where it was created. The money is earmarked for economic development for the district in which it was created and over time the money will be focused right back into the district. Once a TIFD is passed the County, City and School District are foregoing that increase in the hopes that it is building a better economic environment in the district so when the district expires in twenty years where an economic industry was built and helped other businesses in the area and actually benefiting the community. Further discussion followed. Mr. Myhre stated that a TIFD is a tool you put in place that is a long term investment, long term tool and slowly as people make improvements there are funds that can be used toward it. It captures that increment above the tax base established and puts in as a tool base. Mr. Myhre commented that the Commission is looking at what tools do we have as a City to help the downtown to grow and invest in our downtown. The creation of a TIFD would give the incentive for the established area. Mr. Myhre stated that he feels the downtown is the heart of our community and feels the City Commission agrees and wants to move forward with establishing a TIFD. Mr. Myhre further explained that the recommendation is that a citizen board be appointed to administer the funds. There is a state law that outlines what the funds can be used for, what type of activities it can be used for and yes it can be used to help private business owners as determined by the TIF board. Mr. Myhre commented that long term what affect does the TIFD have on everyone's taxes; I don't know. It is an unknown at this point in time because you don't know what the future will bring, but the County, City and School District still have to fund their budgets. The TIF may have an effect on those budgets, but if nothing is growing it will not have a negative effect and if it is growing it is accomplishing what it should it by putting more businesses downtown, more jobs in the community and people in the community. Chairman Doney opened the public hearing to hear comments on an ordinance establishing the Lewistown Urban Renewal Area, creating the Lewistown Urban Renewal District and adopting the Lewistown Urban Renewal District Plan with a Tax Increment Financing Program pursuant to Title 7, Chapter 15, Part 42 and 43 of the Montana Codes Annotated. Mr. Ken Hageman asked if the City was willing to spend the tax money on street, curb and sidewalk or are you willing to go behind the sidewalk and improve the buildings. Mr. Myhre answered that decision is up to the TIFD board and would be determined by the amount of funds available. Mr. Hageman stated that property improvement should be done by the property owner and spending tax dollars to improve someone's building doesn't make sense. Mr. Hageman stated that he is opposed to any improvements being done behind the sidewalk to properties. Commissioner Turk suggested that Mr. Hageman serve on the TIFD citizen board to help make the decisions. Mr. Hageman stated that you wouldn't want him to serve on the board he has been in private industry all of his life and he is against overbearing

government. Mr. Hageman further commented that he feels it is starting to read like that and if the store needs a business let the business come to the store the economy will determine it or the property owner can determine it. Mr. Chuck Swenson commented that he has been trying to do real estate development in Lewistown for the past six years and came from a very successful real estate business in Bozeman. Mr. Swenson stated that he was expecting to find certain tools when he came to Lewistown and they weren't here and now the City is talking about implementing a tool he is used to using. Mr. Swenson explained that what this means is he is working on some projects for Lewistown that could happen because they do not involve local money. Mr. Swenson further explained that the two projects he is working on would both be located in the proposed TIFD. Mr. Swenson reported that he talked with Planning Director Duane Ferdinand and it is his understanding that a million dollars worth of improvements means \$15,000 worth of new taxes over the base. Mr. Swenson commented that if the new tax money would be used just for debt financing it would go a long way for improvements. Mr. Swenson stated that as a result of the TIFD some major improvement could be done in the downtown area that would benefit the entire community. Mr. Swenson commented that he does not feel the TIFD is a negative thing in any way shape or form, but is a positive development tool. Ms. Kathie Bailey, Executive Director for Snowy Mountain Development Corporation, commented that she wanted to applaud the Commission for going forward with a TIFD proposal. Ms. Bailey further commented that it is a very effective development tool that many communities across the State of Montana have used. Ms. Bailey commented that 15 to 20 years ago she would have taken a different position with regards to TIFD, because of not understanding the project or the proposal and how TIFD work, but this time she has taken time to educate on TIFD by looking how they are used, where they are used and how effective they are. Ms. Bailey stated that communities larger than Lewistown probably have a TIFD or multiple TIFD in some cases and can show actual benefits on how that community has used that TIFD and how it made a difference in their economy. Ms. Bailey further stated that the real benefit is that you are looking at a citizen appointed board to serve as the TIFD managers and those in the community that have a conservative view should be appointed to that board. Ms. Bailey reported that she cannot think of one time the other communities have used a TIFD where that tax increment that comes into the TIFD was not used for anything other than public infrastructure or a loan to a business. Ms. Bailey commented again that she applauded the City Commission for moving forward with the TIFD because it does not increase anyone's taxes and really doesn't hurt the government entities because currently they don't have the money and if we don't do something positive for the downtown area there won't be one. Ms. Bailey further commented that this is just one tool and there are several other tools, and it is not the tool that will solve all of the problems but is a tool that will help get us closer. Mr. Ron Brurud wanted to clarify that his taxes will stay the same at the same level other than the usual mill levy increase we get. Mr. Myhre answered that is correct his taxes would remain the same whether he is located in the TIFD or not and regardless if the TIFD is created or not. Mr. Brurud stated that if someone does not want to put any money into the TIFD then they do not have to make any property improvements. Mr. Brurud is in favor of the TIFD anything that will improve the downtown area and bring some businesses in so that he can buy the things he wants so that he does not have to go to Great Falls, Billings or Amazon.com. Mr. Brurud is all in favor and hopes this passes. Mr. Ferdinand commented that Mr. Brurud is exactly right that if he did not have a garage and then built a new garage would cause increased value that would be put into the TIFD. Mr. Bill Spoja stated that for the last 84 years he has resided in this area and this is the first really good thing the City Commission has

done in recent years to boost the community and if the City does not grow it will continue to shrink. Mr. Spoja stated he would like to see this happen so that Lewistown can get back on the road again. Mr. Myhre stated that he spoke at Rotary today and the only communities that are growing are the ones that have an oil boom, located next to an interstate, or national park or have a lake. Mr. Myhre talked briefly about the creation of the Tourism Business Improvement District and the positive outcome. Ms. Nancy Wilson, representative of Sports Inc, stated that they have three properties located in the TIFD and feels that whatever can be done to enhance Lewistown will help their business and have every intent on increasing and improving their business. Chairman Doney asked for anymore comments from the audience and Commission. There being none, the public hearing was closed.

3. Discussion and action on the first reading of Ordinance No. 1748 an ordinance establishing the Lewistown Urban Renewal Area, creating the Lewistown Urban Renewal District and adopting the Lewistown Urban Renewal District Plan with a Tax Increment Financing Program pursuant to Title 7, Chapter 15, Part 42 and 43 of the Montana Codes Annotated

Mr. Myhre stated that the City has done a lot of work on the tax increment financing district and this does not put it into full effect but is part of the formal process. Mr. Myhre stated that there will be another public hearing at the August 18th Commission meeting and will be taking more public comment. Mr. Myhre stating the Commission is trying to determine what the public would like them to do and if you do not want the district then tell the Commission you do not want the district. Mr. Myhre stated that Commission is moving forward and trying to get as much public comment as possible and hope to have this in place by September; however, it ultimately needs to be approved by the State of Montana. Commissioner Putnam made the motion to approve the first reading of Ordinance No. 1748 an ordinance establishing the Lewistown Urban Renewal Area, creating the Lewistown Urban Renewal District and adopting the Lewistown Urban Renewal District Plan with a Tax Increment Financing Program pursuant to Title 7, Chapter 15, Part 42 and 43 of the Montana Codes Annotated and Commissioner Gremaux seconded the motion. Commissioner Doney asked for comments from the audience and Commission. There being none, the question was called for and the motion passed unanimously.

4. Discussion and action on a request from Northwestern Energy to install utility lines in Boulevard Street from 3rd Ave to Ouellette St

Mr. Myhre explained that in June a request from Northwestern Energy to install some utility lines across the railroad corridor and the City Commission voted not to approve the request. The Commission asked Mr. Myhre to express to Northwestern Energy that you wanted more information in order make a decision. Mr. Myhre stated that since that time he has had several conversations with Mr. Noah Davis from Northwestern Energy regarding the request. Further discussion followed. Mr. Myhre explained that the request this evening is for a crossing on Boulevard where they want to put a tied together gas line from 3rd Ave run up Boulevard to Ouellette Street. Mr. Myhre reported that it is not uncommon for a utility to run lines adjacent to the City right of way but it is uncommon to cross the railroad corridor that is rail banked with specific provisions. It is rail banked property that the City purchased from BNSF railroad that has a deed restriction that states the City cannot further encumber the property. Mr. Myhre

explained that in order for Northwestern Energy to accomplish this tie in request they will have to run a gas line across two areas that the City is not suppose to further encumber the line. The City does allow certain encumbrances along the corridor but with specific restrictions tied to them which is where the City does a year to year lease that is charged a 7% of market value as the lease amount and if the improvements are done they are approved by the City and with the understanding that the City can request them to remove the improvements. Mr. Noah Davis addressed the Commission explaining that after several meetings with Mr. Myhre and City Attorney Monte Boettger he learned what rail banked property really is. Mr. Davis further explained that the prior to the meetings it was his belief and Northwestern Energy's that the railroad property was like any other right of way property. Mr. Davis stated he is okay with a lease with the understanding that Northwestern Energy will assume the risk of removing the lines if the railroad were to come back. Further discussion followed. Mr. Davis reported that the design of the project is that it can be done in a day. Mr. Davis commented that this is a great project for the City of Lewistown ratepayers and allows them to continue to provide gas flow in time of emergency. Mr. Davis further commented that it is a better system, safer system and more reliable system. Commissioner Doney wanted to clarify that Mr. Myhre was recommending that the Commission follow the same lease agreements that are already in place with other entities when encumbering the railroad corridor. Mr. Myhre answered yes that is what he recommends. Mr. Myhre stated that his recommendation that we use the same lease agreement that is being used, it was one we got from BNSF. Mr. Myhre further stated that typically the City charges 7% of market value times the square footage, which is done most often where the entities that are getting substantial use of the property. Mr. Myhre explained that this request is an easement below the corridor and typically Northwestern Energy likes to pay a lease upfront and doing it for a longer period of time. Mr. Myhre stated that by charging a lease rate it does help with the maintenance of the corridor, it is also fair and consistent with what is already being done. Mr. Boettger explained that the City has always taken the position that the corridor is in volatile with the exception of excess corridor. Mr. Boettger stated that the City needs to realize that when there was an active corridor there still had to be ways to run utilities and there still had to be commerce and it was done. Mr. Boettger commented that he does feel this is a benefit to the public but that does not change the deed restrictions and the City still has an obligation not to encumber the property. Mr. Boettger explained that this is one of the rare areas where the City Commission needs to balance the deed restrictions with the obvious needs of maintaining public services. Commissioner Gremaux asked what the City was currently charging for railroad leases. Mr. Myhre answered it is approximately seven cents a square foot with an automatic 3% annual increase. Commissioner Gremaux commented that maybe the 7% rate might be to high because there would be no over ground encumbrances. Commissioner Gremaux made the motion accept request to install lines using current lease process for rail banked property with a rate of 7% of market value based on square footage to be capped at five years with the payment upfront and no increase and Commissioner Turk seconded the motion. Mr. Myhre stated that the main thing when determining the railroad leases is that they are fair, consistent and a rationale for why. Commissioner Doney asked for comments from the audience and Commission. There being none, the question was called for and those Commissioners voting in favor were: Byerly, Gremaux, Poss and Turk. Commissioners Doney, Hewitt and Putnam voted against. Commissioner Doney stated that is not against the request but does not feel the rational was fair and equitable to the entities that currently lease railroad property. Commissioner Putnam stated the lease should be for a longer period of time.

5. Discussion and action on authorizing the City Manager to sign the Transportation Alternatives Project Agreement for 7th Avenue ADA ramps

Mr. Myhre explained that last year the Department of Transportation along with the Federal Transportation Board revamped their grant programs, did away with the Community Transportation Enhancement Program and created the Montana Transportation Alternatives Project. The Public Works Department and the Trail group both put in grant applications and were lucky to be awarded both grants. Mr. Myhre explained that the trails grant was to pave the remainder of the trail corridor located in the City limits and the agreement is already approved. This project is it to install ADA ramps and bring 7th Avenue N up to specs in order to be use any federal funding for improvements on 7th Ave N. Mr. Myhre further explained that these grants are nice because the State of Montana will approve the project, administer the project and all the City will have to do is pay their matching funds. Commissioner Putnam made the motion to authorize the City Manager to sign the Transportation Alternatives Project Agreement for 7th Avenue ADA ramps and Commissioner Gremaux seconded the motion. Commissioner Doney asked for comments from the audience and Commission. There being none, the question was called for and the motion passed unanimously.

6. Discussion and action on approving the Interlocal Agreement between Fergus County Fairgrounds water and wastewater improvement project and transfer of project, upon completion to City of Lewistown

Mr. Myhre explained that this agreement was put together by Mr. Bob Murdo that works for a bonding firm. Mr. Myhre stated that the contract stating that in accordance with City ordinance the Fairgrounds does agree to waive annexation will have to sign a waiver of annexation and that the City can annex the project if receiving City services. Mr. Myhre explained that if the design is approved by the City the City will take over the ownership and maintenance of the mains and lift station of this project. Further discussion followed. Commissioner Turk made the motion to approve the Interlocal Agreement between Fergus County Fairgrounds water and wastewater improvement project and transfer of project, upon completion to City of Lewistown and Commissioner Putnam seconded the motion. Commissioner Doney asked for comments from the audience and Commission. There being none, the question was called for and the motion passed unanimously.

7. Discussion and action on Resolution No. 3855, a resolution stating the intention of the City Commission to amend the 2013-2014 budget of the City of Lewistown

Mr. Myhre explained that at the end of every fiscal year a budget amendment is done to make changes to the previous year's budget due to grants, abnormalities and any changes make by the Commission throughout the budget year. Mr. Myhre further explained that this resolution gives the public notice that changes are going to be made to the previous year's budget. Commissioner Poss made the motion to approve Resolution No. 3855, a resolution stating the intention of the City Commission to amend the 2013-2014 budget of the City of Lewistown and Commissioner

Turk seconded the motion. Commissioner Doney asked for comments from the audience and Commission. There being none, the question was called for and the motion passed unanimously.

CITIZENS' REQUESTS

There were none.

COMMISSIONER'S MINUTE

Commissioner Doney welcomed new Commissioner Byerly.

ADJOURNMENT

Chairman Doney adjourned the meeting.

Dated this 4th day of August, 2014.

Gayle Doney, Commission Chairman

ATTEST:

Nikki Brummond