

SUMMARY OF ADMINISTRATIVE MEETING
March 2, 2016– 4:00 p.m.
Room 326, City-County Building

1. Call to order, introductions, opening comments – Mayor Smith called the meeting to order. Commissioners Ellison, Farris-Olsen, Haladay and Noonan were present. Staff present was: Acting City Manager Randall Camp; Executive Assistant Sarah Elkins; Community Development Director Sharon Haugen; City Attorney Thomas Jodoin; Assistant City Attorney Iryna O'Connor; Police Chief Troy McGee; Fire Chief Mark Emert; City Engineer Leland; Engineer David Knoepke; Water Utility Supervisor Kevin Hart; Parks & Recreation Director Amy Teegarden; Administrative Services Director Glenn Jorgenson; Human Resources Director James Fehr and City Clerk Debbie Havens.

Others in attendance included: Engineer Jeff Larson; Bridget Holland, Nancy Cormier and IR Reporter Al Knauber.

2. February 17, 2016 Meeting Summary – The February 17, 2016 administrative meeting summary was approved as submitted.

3. Commission comments, questions –

Board Appointments – Mayor Smith recommended the reappointment of Sarah Karjala to a first full term on the Non-Motorized Travel Advisory Council. Term will begin upon appointment and expire March 31, 2019.

Mayor Smith reported he is proceeding in appointing the Working Group for the Isla Mujeres agreement. The Working Group is to develop an annual action plan. He does not believe a resolution needs to be approved to create the group.

4. City Manager's Report – Acting City Manager Camp reported the citizens have recently experienced a bad odor and taste from the water from Missouri River Water Treatment Plant. However, that has passed and the quality of water has always in compliance.

5. Department Discussions:

Administrative Services

Westside Reimbursement Resolution – City Engineer Leland handed out a map of the first project that included 23 properties and explained the installation of sewer services to the residents. The project should be complete once the asphalt has been laid, sometime in mid-April.

Commissioner Haladay referenced the lot with multiple services and asked if it is a mobile home park. Engineer Leland concurred. Commissioner Haladay asked if this property would be served by one service line. Engineer Leland stated the mobile home court is currently served by a community well and the property has not annexed into the city. However, if they are annexed the lot could be serviced by one line. If the property is annexed and ceases to be a mobile home park; they would have to go through the sub-division process, which would eliminate any shared service lines.

Commissioner Ellison referred to a lot that was adjacent to the project and asked why they were not included. Engineer Leland noted this property, in the future, could be serviced off of Joslyn Street.

Administrative Services Director Jorgenson reported seven residents from Phase I of the Westside Project approached the city to be annexed and connect to city sewer. Several of the seven residents have failing septic systems. The city is proposing to try a small scaled version of the proposed plan for installation of city infrastructure for the whole Westside. The city has installed the sewer main and sewer stubs to 23 residents along Cannon Street, Linden Street, and Choteau Street which include the seven county properties with some failing septic drain fields and no room for replacement drain fields.

The cost reimbursement resolution will allow the city to recoup the cost of the installation of the sewer main to the affected residents. Staff proposes the breakdown of the cost of the sewer main would be on a square foot basis for each lot. The project is close to being complete but all the costs have not been determined. The estimated cost of the project with a 10% contingency is \$348,090.60. The reimbursement would have to be paid or financed at the time of connection. The spreadsheet with the stated breakdown of each property served was included in the packet.

The city will offer to finance the cost for existing developed homes through a loan agreement. If amortized, the property owners will be charged interest at the same rate as any State Revolving Fund

loan, currently at 3% and amortized over a maximum of 20 years. The payments will be added to the utility bill for the property and the property owners will sign a loan agreement that will be recorded with the County Clerk & Recorder. As part of the annexation process, water service hookup may be required for any properties that request wastewater service in the future that do not already have existing water service. Property owners that are delinquent on their utility bills will be subject to additional interest of 1.5% as allowed in city code.

Staff noted the rebate resolution needs to move forward as the project is almost complete and residents will want to hook into the system. There is concern on how to determine the best process is to administer the loans. Staff is looking to contact outside counsel for advice.

City Attorney Jodoin stated he has concerns with making sure the city is legally ensured/protected and complying with federal banking requirements. Is the city subject to such requirements and what are the best ways of ensuring the city recoups its money.

Mayor Smith asked what the timeline is for getting the resolution approved. Administrative Service Director Jorgenson noted the rate resolution is on the March 7th commission meeting agenda. These seven properties have already been annexed into the city and are waiting to hook into city sewer. However, the property owners need to know their costs.

Commissioner Ellison noted the interest rate for the Revolving Loan Fund is currently 3%; he asked Director Jorgenson to talk about how much that has fluctuated over the past several years. Director Jorgenson stated in 2007 the interest rate was at 4%; however, during the recession it went down to 3%. The current interest rate for bank mortgage loan currently is between 6.5 up to 7%.

Commissioner Ellison referred to Section 3 of the resolution where it states if a property is sold or transferred, any outstanding balance of the reimbursement amount still owing must be paid in full. However, in Section 5 it states any property owner whose property is not currently connected to the city's water system must connect to city water concurrent with connection to the city's wastewater system. He asked if this language would accomplish the same thing for anybody that decides to hook into the wastewater, would automatically be hooked into the water.

Attorney Jodoin noted Commissioner Ellison is correct, however, when the commission considers annexation; they have the option of deferring the installation of infrastructure.

Commissioner Noonan asked what an estimated monthly payment on a \$12,000 loan would be. Nancy Cormier noted it would be approximately \$55 to \$63 per month.

Commissioner Haladay referenced the costs per property and asked if the city has discussed these numbers with the property owners. Administrative Services Director Jorgenson stated it is his understanding that all property owners have been notified. Engineer Leland noted staff has met with the residents and they agreed to the square foot assessment.

Mayor Smith asked for public comment. Nancy Cormier referred to Section 3, if the property is sold or transferred, any outstanding balance would have to be paid off, even if the benefit of the sewer stays with the property. Director Jorgenson noted when a home is sold; all loans need to be paid. When you install an improvement it goes toward the value of the home and is normally sold at that value.

Bridget Holland noted this first group of residents all support moving forward the project.

Mayor Smith asked the residents for their thoughts on the proposed rates. Ms. Cormier noted they concur with the proposed costs. Ms. Cormier thanked staff for designing the project and putting it out to bid; it has saved a lot of time and effort.

Commissioner Haladay asked Director Jorgenson to explain the difference between the seven properties versus the 17 that will have the availability of the services. Director Jorgenson stated those other properties owners will have the option to hook into the system. Commissioner Haladay clarified the 20-year repayment would begin when the property hooks into water and sewer. Staff concurred.

Mayor Smith asked where is Phase I. Engineer Leland stated this project is part of Phase I; the commission has the discretion of annexing the 17 properties and they would then be required to hook into the system.

Commissioner Ellison asked if it would be worth discussing an end date on when residents need to hook into the water and sewer service. He believes there should be a set timeframe.

Commissioner Haladay noted the city has completed a project for 23 residents; however, there are only eight properties ready to hook in and will begin the repayment of the loan; the other 16 properties have the option of not hooking in until they are annexed.

Commissioner Haladay asked when the city moves forward and annexes the entire area, will the individuals who have the benefit of paying for this project not be included in the larger project.

Administrative Services Director Jorgenson concurred and explained the remaining property owners would pay for the larger project.

Commissioner Ellison stated he is concerned if a property owner waits 10 to 15 years to hookup to services, there are many variables that could change. He again suggested the commission have the discussion of having a date certain on when the property owners need to hook into the services.

Mayor Smith asked would it be feasible for a property owner to choose never to hook into the service. Director Jorgenson stated yes, as long as they were not annexed.

Attorney Jodoin noted the language in this resolution came from commission discussion last year and not having a date certain when a property owner would have to hook into the service. He is not sure the city has the authority to force someone to hook into water/sewer prior to annexation.

Additional discussion was held on the commission decision on when a property owner would be required to hook into city services.

Commissioner Noonan asked when the commission will re-engage on the entire Westside project. Community Development Director Haugen reported the resolution of annexation will be brought forward at the April 25th commission meeting.

Commissioner Farris-Olsen expressed concern if a property owner defaults, is this debt dischargeable in bankruptcy or in case of a foreclosure is that lien stripped off because the city would be in the 2nd position on the mortgage. Director Jorgenson stated those are the questions staff is seeking assistance in answering. The city has no expertise in securing loans to mitigate loss risk. We need to work with other professionals to draft documents to protect the city from losses using the most effective and economical method possible.

Commissioner Haladay asked how much the city would lose if the commission chooses not to include interest. Director Jorgenson stated approximately 3,000 per year for this first project.

Commissioner Farris-Olsen asked if you could inflate the interest rate for future years. Director Jorgenson expressed concerns with trying to figure out what interest rate to charge for future years.

Commissioner Haladay commented even with the commission approving the resolution on March 7th, are the residents still in limbo until the loan program is locked down. Attorney Jodoin stated the remaining issue is how to secure the amount and how it is paid back.

When the resolution is passed, the property owners can amortize the costs for 20-years on their water bill.

Consensus Direction to Manager: The resolution is on the March 7th city commission meeting agenda.

Public Works

West Main Design Update – Acting City Manager Camp introduced Engineer Jeff Larson, who gave an overview of the design for West Main.

The updated design includes the addition of some on-street parking, sidewalks on both sides of the street. The proposal to include parking would increase the costs by approximately \$18,000.

Commissioner Haladay stated this appears to be a good compromise that addresses the resident's concerns with parking. Mayor Smith and Commissioner Ellison echoed the comments of Commissioner Haladay. Commissioner Ellison stated if we can add parking for \$18,000 and have sidewalks on both sides, let's move forward.

Construction is estimated to begin in spring of 2017.

Commissioner Noonan asked if there will be another round of public meetings. Engineer Larson stated there is no plan for another public meeting. City Engineer Leland noted the adjacent property owners will be informed of the new plan and have the opportunity to contact staff.

Commissioner Haladay noted the north side will not have boulevard sidewalks. City Engineer Leland concurred.

Consensus Direction to Manager – Move forward with updated plan and submit to FEMA for their review and approval.

6. **Committee discussions**
 - a) Audit Committee, City-County Board of Health, L&C County Mental Health Advisory Committee, Montana League of Cities & Towns – Mayor Smith reported he attended the Local Mental Health Advisory and the Board of Health meetings.
 - b) Mayor Pro-Tem, Audit Committee, Helena Chamber of Commerce Liaison, Information Technology Committee, Transportation Coordinating Committee – Commissioner Ellison stated he attended the February HCC meeting. There were approximately 18 members present. He gave an overview of what he discussed with the HCC.
Commissioner Ellison reported chamber board member Deb Smith passed this week.
 - c) ADA Compliance Committee, Audit Committee, City-County Parks Board, Civic Center Board – No report given.
 - d) Board of Adjustment, City-County Administration Building (CCAB), Non-Motorized Travel Advisory Board, Transportation Coordinating Committee – No report given.
 - e) Business Improvement District/Helena Parking Commission, Montana Business Assistance Connection, Public Art Committee – Commissioner Noonan noted the BID Master Plan is out and the commission will have the opportunity to discuss it. He believes the plan puts a lot of onus onto the city. One of the recommendations is to look at another TIF District.
 - f) Helena Citizens Council – No report given.
7. **Review of agenda for March 7, 2016** – No discussion held.
8. **Public Comment** – None received.
9. **Commission discussion and direction to the City Manager** – No discussion held.
10. **Adjourn** – Meeting adjourned at 5:05 p.m.