

WHITEFISH CITY COUNCIL

JANUARY 19, 2016

7:10 P.M.

1) CALL TO ORDER

Mayor Muhlfeld called the meeting to order. Councilors present were Hildner, Feury, Barberis, Frandsen, Sweeney, and Williams. City Staff present were City Manager Stearns, City Clerk Lorang, City Attorney Jacobs, Finance Director Smith, Planning and Building Director Taylor, Public Works Director Workman, Parks and Recreation Director Butts, Senior Planner Compton-Ring, Assistant City Clerk Woodbeck, Customer Services Clerk Howke, Police Chief Dial and Fire Chief Page. Approximately 50 people were in the audience.

Councilor Feury gave a tribute to our Building Official Virgil Bench, a long-time employee of the City of Whitefish, who passed away last week. Councilor Feury said had he has been on City Boards for nearly two decades so had the opportunity to work with Virgil at this level as well as working with Virgil on a number of building projects and said the reason our Building Department is what it is today is because of Virgil. He thought that members of our building community would say the same thing. Councilor Feury attended Virgil's memorial service last Saturday, he said it was really well attended and a lot of great things were said about Virgil. Councilor Feury requested a moment of silence to think of Virgil and his family.

2) PLEDGE OF ALLEGIANCE

Councilor Hildner recognized the members of Boy Scout Troop #1917 who were in attendance tonight working on their Citizenship in the Community Merit Badge; and asked them to lead the audience in the pledge of allegiance.

3) COMMUNICATIONS FROM THE PUBLIC -- (This time is set aside for the public to comment on items that are either on the agenda, but not a public hearing or on items not on the agenda. City officials do not respond during these comments, but may respond or follow-up later on the agenda or at another time. The Mayor has the option of limiting such communications to three minutes depending on the number of citizens who want to comment and the length of the meeting agenda)

Rhonda Fitzgerald, 412 Lupfer Avenue, spoke on the City Hall/Parking Structure project and said that the building itself should not be compromised in its functionality of pedestrian enhancement in the downtown. Council will be considering possible cuts to the project later on in tonight's meeting and one of those items is a portion of the awnings along the side of the building at Baker Avenue. This area will help knit the Railway District to the downtown; and a full-covered walkway along the whole block of Baker Avenue is an important element of the pedestrian function. The success of enhanced pedestrian elements was proven again when, during the Central Avenue improvement project the decision was made to improve all four corners at Central Avenue and East Third Street; now that is a very popular and active corner in town. Visitors are at that corner using the kiosks, the parking, they sit to relax on the benches; increased activity at that corner was immediate after the completion of the project. She thinks the same will happen on Baker Avenue and it would be important to make it desirable to walk down Baker. She encouraged the Council to keep awnings in for the full block. She said on packet page 400 the savings shown is \$53,000, but through value engineering the cost has been reduced so the savings would now only be about \$35,000.

Steve Thompson, 545 Ramsey Avenue, welcomed Katie Williams as a new Councilor. He said Council had originally approved the City Hall/Parking Structure project to be LEED Certified, but later withdrew that decision and instead voted to design to LEED standards but not to pursue certification. He requested the Council not cut corners that would affect energy efficiency in the final plan. Secondly, he said one of the Council's Goals approved in 2014 was to develop a climate action plan. He is part of a planning group called "Climate Solutions Project", a group of 12-16 people who have met several times and are interested in working with the Council towards their goal. A Council work session has been scheduled with that group on February 1, 2016. That group has also scheduled a community stakeholders meeting in the Council Chambers that same day at 3 in the afternoon. A couple people from Missoula will be coming up for these meetings that are involved with energy efficiency programs in Missoula, and know of activities happening in other Montana communities.

Jeff Raper, 719 Kalispell Avenue, said he is here tonight as a Chamber Board Member with some updates on projects that will include the City's participation down the road. He thanked the Council for their commitment of funds towards the study for the workforce housing project. The Chamber and its members have been discussing the challenge of parking needs this summer since the ongoing City Hall/Parking Structure construction took away parking that was there; and the City's property on Columbia and Somers Avenues, known as the 'snow lot', had come up as a possibility for overflow parking. They have also been talking with School Administrators about the teacher's parking on their grounds that aren't used by the school in the summer. Jeff encouraged the Council to not cut any parking spaces from the new parking structure. The Chamber has also been talking with Whitefish Mountain Resort about the utilization of the SNOW Bus during the summer to open possibilities of transportation between downtown and parking at the High School. Another item the Chamber has been discussing and might be coming to ask for Council's support is having some organized activities and downtown promotions with Canadian at par; possibly targeting Victoria Days to encourage more Canadian visitors to come back. It would also serve as a thank-you to our Canadian visitors for their support over the years. Lastly, he encouraged the Council to plan for a Highway 93 South corridor study, with Whitefish's continued growth it would be timely.

4) COMMUNICATIONS FROM VOLUNTEER BOARDS

Councilor Hildner reported he attended last week's Park Board meeting. There was continuing discussion on design and location of the gazebo in Depot Park. The Park Board gave unanimous agreement naming the 'James R. Bakke Reserve' on the land recently donated to the City from his estate. Today he attended, with others, a meeting with the Public Transportation Focus Group. Also in that meeting were other Council members and City Staff and people from Eagle Transportation. The discussion was around the convenience, accessibility and affordability of public transportation and how that can be improved, not only in Whitefish but around the valley.

5) CONSENT AGENDA (The consent agenda is a means of expediting routine matters that require the Council's action. Debate does not typically occur on consent agenda items. Any member of the Council may remove any item for debate. Such items will typically be debated and acted upon prior to proceeding to the rest of the agenda. Ordinances require 4 votes for passage – Section 1-6-2 (E)(3) WCC)

- a) **Minutes from the January 4, 2016 Council executive session (p.21)**
- b) **Minutes from the January 4, 2016 Council regular meeting (p.21)**
- c) **Ordinance No. 16-01; An Ordinance rezoning approximately 1.177 acres of land located at 2422 and 2424 Carver Bay Road, in Section 14, Township31 North, Range 22 West, Whitefish, Montana, from County R-1 (Suburban Residential) to City WSR (Suburban Residential District) and adopting findings with respect to such rezone (Second Reading) (p.33)**

- d) **Ordinance No. 16-02; An Ordinance rezoning approximately 1.391 acres of land located at 1750 and 1770 US Highway 93 West, in Section 35, Township 31 North, Range 22 West, Whitefish, Montana, from County R-1 (Suburban Residential) to City WSR (Suburban Residential District) and adopting findings with respect to such rezone (Second Reading) (p.36)**
- e) **Confirm the appointment of Chase Garner as a police officer pursuant to Section 7-32-4113 Montana Code Annotated (p.39)**

Councilor Hildner corrected the spelling of his daughter's name to Erika, on the second page of the minutes for January 4, 2016.

Councilor Sweeney made a motion, second by Councilor Frandsen, to approve the Consent Agenda as corrected. The motion passed unanimously.

6) PUBLIC HEARINGS (Items will be considered for action after public hearings) (Resolution No. 07-33 establishes a 30 minute time limit for applicant's land use presentations. Ordinances require 4 votes for passage – Section 1-6-2 (E)(3) WCC)) (CD 13:58)

- a) **Seven Resolutions related to the purchase of a Conservation Easement on approximately 3,020 acres of land in Haskill Basin from the F.H. Stoltze Land and Lumber Company**

Mayor Muhlfeld said there will be a staff report from City Manager Stearns followed by a public hearing that will encompass all of the nine sub-sections (items) that are related to the Conservation Easement in Haskill Basin and listed as agenda items i) through ix). Citizens can direct their comments to any one of the nine items during this public comment period. Following the public hearing the Council will take action on each of the nine items individually.

City Manager Stearns gave a brief overview of each of the items from his staff report that starts on page 115 in the packet where he reviews the history and background of this Conservation Easement. A review of recent developments starts on page 116 where it is explained that Council and the public has had the opportunity to review all the different moving parts of this Conservation Easement over the past months. The documents have also been reviewed and approved by the Montana Fish, Wildlife and Parks Officials and the State Land Board. Following he reviewed each item.

The first resolution authorizes the purchase of the Conservation Easement (CE) from F.H. Stoltze Land and Lumber Company (Stoltze) on their 3,020 acres. (Following the approval and execution of all the documents and after the transfer from the City of 2,569 acres – 'orphan parcels', the total CE will be 3,022 acres). The CE removes the development rights and Stoltze retains ownership of the land for continued timber management. The appraised value of the CE is \$19,980,000; the agreed upon purchase price is \$16,700,000, so the Stoltze donated value is \$3,280,000. Exhibit B of this resolution is an Agreement to purchase the CE from Trust for Public Land (TPL), as intermediary, and is the holder and owner of the option to purchase the CE from Stoltze. Montana Fish, Wildlife and Parks (FWP) will be the steward of the CE.

The second resolution approves the Multi-Resource Management Plan (MRMP), which provides more detail and specificities on the uses and restriction on the land. There will be an annual public meeting held by the liaison team that consists of two representatives from Stoltze, one from FWP, and one from the City, per the MRMP.

The third resolution provides the City a permanent easement guarantying City right to access the lands via Stoltze roads to maintain the municipal water system. Historically, and over the last 100 years the City had a verbal agreement with Stoltze for this access and now it is beneficial to have this

permanent easement. As part of getting the permanent easement the City will transfer title of 2.569 acres of land known as the 'orphan parcels', which are near, but not on the water intakes of Second and Third Creeks. The exchange of these 2.569 acres of City Land is for a perpetual easement on 41.68 acres of land in Haskill Basin. The fourth resolution authorizes the transfer of those orphan parcels to Stoltze, after which they become part of all the lands controlled by the CE. The appraisal of the orphan parcels is currently underway and has had no staff review; so staff will likely ask the City Council to postpone action on this item until the February 1st meeting.

The fifth resolution provides for the terms and conditions of a trail easement on Stoltze land; which the City will hold the title, as we do with other Whitefish Trail easements, for a single track trail for non-motorized traffic. And, as in other Whitefish Trail management, the City works in partnership with Whitefish Legacy Partners who will fundraise and pay for the construction and maintenance of this extension of Whitefish Trail. In conjunction with the trail easement, the next two items on the agenda (vi and vii), are letters of intent from adjacent landowners; the Iron Horse Homeowners Association and Winter Sports, Inc., committing their approval of modification of existing trail easements on their properties to accommodate a new trail alignment for the Whitefish Trail. As we have talked about during previous meetings, modifications and new trail alignments results in a better trail more in line with the topography of the land.

The last two resolutions again pertain to the realignment of the trail along with the plans to construct a new trailhead on Reservoir Road on the southwest corner of the City's Water Treatment Plant land. From the new trailhead the trail travels north on City property, but to better follow the land's topography the new alignment took the trail across the northeast corner of the Murr property, adjacent and west of the City's land. This was discussed in detail at the Council's January 4, 2016 meeting. The sixth resolution approves an agreement with Whitefish Legacy Partners to provide funding for the purchase of the boundary adjusted land (the Murr property) and the City agrees to allow the trail and new trailhead on City property. The seventh resolution approves the buy-sell agreement for the Murr property, 0.54 acres, at \$14,000.00 plus closing costs. Mayor Muhlfeld disclosed at the January 4th meeting that his firm, River Design Group, is providing the surveying of the boundary line adjustment at no cost as a contribution to the project.

Clarification was made that the correct owner's names of the Murr property are Harold A. and Bonnie Murr.

Mayor Muhlfeld opened the public hearing, this is one public hearing for all of the agenda items under 6a.

Erin Bodman, 269 Hare Trail, representing Flathead Fat Tires, a mountain bike advocacy group and she is their president. Their group is excited this project is moving forward and believe the Whitefish Trail will be a great asset for the city and recreational community; and fully support that aspect of the project. The group looks forward to working with the City and Stoltze if and when any recreational issues arise.

Heidi Van Everen, 4 Pine Avenue, is the executive director of Whitefish Legacy Partners (WLP). She said, like Erin, she is in full support of this project in its entirety and appreciates all the efforts and hard work that City staff, Mayor and Council are undertaking in the execution of all these documents to move the project forward. WLP is excited to have this whole new area opened up for the extension and someday a completion of a continuous Whitefish Trail in Whitefish and around Whitefish Lake, and is excited to continue their partnership in the Whitefish Trail. Mayor Muhlfeld thanked Heidi and their entire board for all their hard work, it is much appreciated.

Denny Gignoux, president of the Glacier Nordic Club, spoke for the club in support of this

project. And with better access points, their group will be working in partnership in the future to insure groomed cross country ski trails in Haskill Basin.

Steve Thompson, 545 Ramsey Avenue, said thank you and congratulations to WLP and the Stoltze family, Iron Horse and WSI; this is exciting and an impressive accomplishment and a moment for celebration. He said just today he was skiing on the trails, they are olympic-type world class trails, and this is going to make them better.

Rebecca Norton, 530 Scott Avenue, said this is great and thank-you to everybody who made it happen.

Diane Conradi, 115 Hummingbird Lane, said thanks to one and all for the years of dedication to see that the Whitefish Trail meets the dream of circling the lake. This new piece of the trail, through Haskill Basin, was never on the radar in the overall plan because Haskill Basin is privately owned; but though the knowledge, competence and passion, integrity and persistence of Alex Diekmann and his partners in Trust for Public Lands (TPL), this is becoming a reality. She said Alex is not here tonight due to ill health, but his presence will be felt in this community forever. Whitefish is extremely lucky to have the partnership with TPL. She said thank you to Whitefish, Alex and TPL, WLP, and all who have worked so hard together on this project.

As there was no further public comment, Mayor Muhlfeld closed the public hearing and turned the matter over to the Council for their consideration.

i) Resolution No. 16-01; A Resolution authorizing the purchase of a conservation easement in Haskill Basin (p. 42)

Councilor Frandsen made a motion, second by Councilor Hildner, to approve Resolution 16-01.

Manager Stearns noted that to fund the \$16.7M purchase addressed in this resolution includes two federal grants obtained by Alex Diekmann and others; A Forest Legacy Grant for \$7M, and a \$2M Fish and Wildlife Service Habitat Conservation Program Grant. The City is providing \$7.7M from the 1% increase in Resort Tax Revenue over a ten-year period through a bond and funding resolution that will be acted on by the Council at the February 1, 2016 Council Meeting. Councilor Hildner acknowledged the importance of preserving the City's water system, the importance of the efforts of people like Alex Diekmann and others, all with the cooperation of the Stoltze Company and family showing their community spirit. The result is a great symbol of when people come together and do good work for the present and future of this community.

The motion passed unanimously.

ii) Resolution No. 16-02; A Resolution approving the Multi-Resource Management Plan for the Haskill Basin Watershed Conservation Easement (p. 126)

Councilor Hildner made a motion, second by Councilor Sweeney, to approve Resolution 16-02. The motion passed unanimously.

iii) Resolution No. 16-___; A Resolution approving the terms of a Municipal Water System Easement and Road Access Easement with F.H. Stoltze Land & Lumber Company (p. 140)

Councilor Sweeney made a motion, second by Councilor Barberis, to approve this resolution. Manager Stearns said that he and City Attorney Jacobs agree that since this resolution has

ties to the next resolution on the agenda approving action on the exchange of the 2,569 orphan parcels for which an appraisal is not yet completed or submitted to the City, staff recommends that the Council postpones action on these two resolutions. State Law provides that in exchanges the Council must be aware of and comfortable with values of lands exchanged. We should have the appraisal for the next meeting.

Both the maker and the second agreed to withdraw the motion.

- iv) Resolution No. 16-___; A Resolution authorizing the transfer of parcels of land in Haskill Basin totaling 2.569 acres of land to F.H. Stoltze Land & Lumber Company in exchange for 51.28 acres of perpetual easements allowing the City to access, maintain and use its municipal water system (p. 158)**

Mayor Muhlfeld asked, and Council agreed, to postpone action on this resolution until the next meeting. Manager Stearns said that all seven resolutions are integral to the complete project and we don't anticipate any problems moving forward while postponing action on these two resolutions to the next meeting.

- v) Resolution No. 16-03; A Resolution approving the terms of a public recreational trail easement with F.H. Stoltze Land & Lumber Company (p. 168)**

Councilor Frandsen made a motion, second by Councilor Hildner, to approve Resolution 16-03. The motion passed unanimously.

- vi) Consideration of approving a Letter of Intent to modify the trail easement on the Iron Horse Homeowners Association property to accommodate a new trail alignment for the Whitefish Trail (p. 184)**

Councilor Hildner made a motion, second by Councilor Frandsen, to approve the Letter of Intent from Iron Horse Homeowners Association.

Councilor Sweeney said he supported the motion, but as long as the homeowners association is willing to have their easement modified, he would like to have a conversation sometime about the restriction to horse traffic. He said most of the Whitefish Trail is open to horse traffic.

The motion passed unanimously.

- vii) Consideration of approving a Letter of Intent to modify the trail easement on the Winter Sports, Inc. property to accommodate a new trail alignment for the Whitefish Trail (p. 189)**

Councilor Frandsen made a motion, second by Councilor Sweeney, to approve the letter of Intent from Winter Sport, Inc. The motion passed unanimously.

- viii) Resolution No. 16-04; A Resolution approving the terms of an agreement with Whitefish Legacy Partners with respect to a Boundary Line Adjustment with Harold A. Murr and Bonnie Murr (p. 194)**

Councilor Hildner made a motion, second by Councilor Sweeney, to approve Resolution 16-04, including the correction of Harold A. Murr's name in all documents. The motion passed unanimously.

ix) Resolution No. 16-05; A Resolution approving a Real Estate Buy-Sale Agreement with respect to a 0.54 acre of land as an addition to the Water Treatment Plant site from a Boundary Line Adjustment with Harold A. Murr and Bonnie Murr (p. 199)

Councilor Barberis made a motion, second by Councilor Williams, to approve Resolution 16-05.

Mayor Muhlfeld said he had a discussion with Alex Diekmann this morning who said he had worked on many conservation easements during his career and this one was one of a kind because of the wonderful community in Whitefish and because of the values this conservation easement preserves and protects in perpetuity. Mayor Muhlfeld acknowledged and thanked, on behalf of the City, Alex Diekmann, Stoltze Land and Lumber Company, Montana Fish, Wildlife and Parks, and Whitefish Legacy Partners for all the hard work and great effort on accomplishing this project.

The motion passed unanimously.

Councilor Sweeney said it deserves a round of applause.

b) Ordinance No. 16-03; An Ordinance amending Zoning Regulations in Whitefish City Code Title 11 to add micro-distilleries to the list of Conditional Uses in §11-2J-3, Limited Business District, §11-2K-3, Secondary Business District, §11-2L-3, General Business District, and §11-2R-3 Industrial District, amend the standards for accessory buildings in §11-3-2A, and amend the definition for a bar/lounge in §11-9-2 (First Reading) Staff Report #WZTA 15-04 (p. 212) (CD 51:07)

From the staff report, Senior Planner Compton-Ring reported from their Department's list of work items, from time to time some 'housekeeping' type updates come up and three are coming forward to the Council at this time. (1) Replace 'cabaret' licenses with 'Restaurant Beer Wine (RBW) licenses in the definitions of Bar/Lounge to comply with updated State Law. (2) The chapter for Accessory Buildings in the Code (referring to buildings not intended for human occupancy) currently reads that anything less than 120 square feet in floor area do not require building permits. The State and the City have both adopted updated 2012 Building Codes, so to be in compliance our zoning regulations should now read: "Accessory buildings less than two hundred (200) square feet and not intended for human occupancy do not require building permits. (3) Micro-distilleries is proposed to be added to Conditional Uses in the same line as microbreweries where they are allowed as conditional uses in the Industrial District, the General Business District, the Secondary Business District, and the Limited Business District. Planner Compton-Ring explained that recently the office has seen a couple requests for micro-distilleries, but as they were not specifically called out in the zoning regulations the Department processed them similarly to a microbrewery; so these amendments include the proposal to add micro-distilleries in Conditional Uses. At the Planning Board's public hearing on these amendments a public comment was given that standards for micro-distilleries should be added to the regulations as well; and that will be an agenda item at the next Planning Board meeting and will be coming back to Council with a staff and Planning Board recommendation. After the Planning Board's public hearing the Board approved the staff report and is forwarding a recommendation of approval for all three amendments.

Council had some questions for staff regarding retail items sold in a micro-distillery, the definition of micro-distilleries and conditions that will apply. Planning Director Taylor said these are details that can be looked at starting with the Planning Board's review at their next meeting.

Mayor Muhlfeld opened the public hearing.

Rhonda Fitzgerald, 412 Lupfer Avenue, said it is premature to add a use in the zoning regulations before defining it. She said both microbreweries and micro-distilleries are a popular trend; they are showing up everywhere and proliferating like crazy. She said they are food, beverage and retail services with manufacturing added to all these zones. The amount of product produced by brewers and distillers is key, and that group is in front of the legislature a lot trying to get those standards changes and they are pretty good at it. She felt the production part fit well in the Industrial Zones, but not the restaurant, bar and retail parts; she felt those should be in our core Commercial Zones and not in the neighborhoods.

There being no further public comment, Mayor Muhlfeld closed the public hearing and turned it over to the Council for their consideration.

Councilor Sweeney made a motion, second by Councilor Williams, to adopt the staff report, and findings of fact, and approve the first reading of Ordinance No. 16-03; An Ordinance amending Zoning Regulations in Whitefish City Code Title 11 to add micro-distilleries to the list of Conditional Uses in §11-2J-3, Limited Business District, §11-2K-3, Secondary Business District, §11-2L-3, General Business District, and §11-2R-3 Industrial District, amend the standards for accessory buildings in §11-3-2A, and amend the definition for a bar/lounge in §11-9-2 (First Reading). Councilor Frandsen corrected the typo on the last line on page 216 in the packet: it should be Restaurant Beer Wine (RBW) and not Restaurant Bear Wine.

More discussion followed between Council and staff before the vote on the motion along the line of items that will be discussed next at the Planning Board level and then brought forward to the Council for their consideration.

The motion, as corrected, passed on a five to one (1) vote with Councilor Hildner voting in the negative.

7) COMMUNICATIONS FROM PUBLIC WORKS DIRECTOR (CD 1:08:05)

a) Consideration of approving a contract with WGM Group for a Pedestrian – Bicycle Master Plan update (p.368)

Public Works Director Workman said his report also addresses the City's Bike Paths in this recommendation to award a consultant contract to update the Whitefish Bicycle and Pedestrian Master Plan. The original plan was adopted in 1998 and has had a few amendments. The Council approved \$40,000 Resort Tax Funds for the update in the FY16 budget. Late in 2015 the City issued a Request for Proposal and received and reviewed and interviewed all three firms that submitted proposals. The interview panel forwarded a recommendation to hire and have an agreement be executed with the WGM group; the panel's recommendation has been approved by the Bicycle & Pedestrian Path Advisory Committee; and that is the recommendation being brought forward to the Council tonight. It was also recommended by the Bicycle & Pedestrian Path Advisory Committee that, in order to allow time for public outreach for the updated plan, as well as incorporate engineering design services for a section of trail adjacent to the River Bend Condominiums (an ongoing project of the Committee's); an amendment to this contract, if approved by Council, will be forthcoming to the Council for their consideration. Members of Council and staff discussed some of the elements in the Scope of Work.

Councilor Hildner made a motion, second by Councilor Williams, to authorize the City Manager to execute a consultant agreement with WGM to carry out the scope of services as included in the packet, and with the understanding that the project may extend into the next fiscal year. The motion passed unanimously.

8) COMMUNICATIONS FROM CITY MANAGER (CD 1:21:34)

- a) Written report enclosed with the packet. Questions from Mayor or Council? (p. 385)-None**
- b) Other items arising between January 13th and January 19th**

City Manager Stearns reported he had heard from Lori Collins today, the Executive Director of the Whitefish Housing Authority, who reported that the applicant for tax credit for the affordable housing project on Highway 93 South did not get approval for the project. That same firm may still seek other funding to buy and hold the property and apply again next year for Housing Tax Credits. Secondly, during Public Comment Jeff Raper, representing the Chamber, mentioned the idea to use the City's snow lot for additional overflow parking this summer. He had also heard that suggestion at a meeting he attended last week. There are limitations to that; the property has already been identified as off-site staging for the City Hall/Parking Structure Construction. In addition, he has said to others before; as soon as all the street parking south and east of the depot is used on a daily basis (about 60 free parking spaces), additional parking at the snow lot could be considered.

Mayor Muhlfeld said in relation to those comments; at the last affordable housing committee meeting he attended the group thanked the City for their commitment to fund the workforce and affordable housing study; and the needs assessments will have a section in it addressing policies for Whitefish – not specific policies at that time but a section that calls out that policies should be developed as part of an implementation phase. Kellie Danielson from MWED said she thought there were funds available from the state, maybe up to \$50-60,000 that could help with that part of the plan that is more policy related, and said she could write that grant on behalf of the City.

- c) City Hall and Parking Structure Project: (p. 390) (CD 1:25:38)**
 - i) revise total budget number for the City Hall/Parking Structure;**

Manager Stearns referred to the Project Budget Summary on packet page 394; the Council approved a budget of \$14,952,636 last June. From our architect the updated costs as shown on this same page is \$15,965,259 which is a cost gap of \$1,012,623; and if the Council approves capitalization of lease space for a 3-year period (\$162,000), the cost gap becomes \$850,623; a 5.69% increase over the June 2015 budget. Partially contributing to the cost increase is the addition of the impact fees; \$83,744 as seen on packet page 393. It is fair that the city pays impact fees just as any other developer pays; and it reflects more of the true cost of the project. He noted (pg 393) that the City Hall Impact Fee of \$36,709 will be paid within that building permit, then when those fees are distributed back to the funds for which they were paid, it goes back into the City Hall Building Fund. To answer a question from Councilor Frandsen; the costs on page 394 include the cuts recommended by the City Hall Steering Committee, Sub-Committee (Committee); and it also includes the cost of the 3rd elevator added back in per the motion approved by the Council on December 7, 2015. However, those recommendations from the Committee will be reviewed and acted on by the Council tonight, except for the elevator decision made in December. The Committee's design issue recommendations issues are listed on page 400 in the packet, items 1-6*; which the Council referred to at this time.

- *1. Cut finishing the basement storage area and locker/bathrooms - \$28,013
- 2. Cut skylight in City Council Chambers - \$19,000
- 3. Cut some canopies on Baker Avenue; from retail space to City Hall - \$53,000
- 4. Cut detail design on roof cornice - \$32,030
- 5. Cut oversize brick on east side of building (alley side), replace with painted block - \$7,085
- 6. ~~Cut SW Elevator (leave shaft for future elevator) - \$90,000~~ This item not deducted (12-7-15).

Councilor Frandsen made a motion to add #1, finishing the basement storage area, locker and bathrooms. The motion died for lack of a second.

Councilor Sweeney made a motion, second by Councilor Feury, to cut #1, finishing the basement storage area, locker and bathrooms.

Councilor Frandsen said if the basement isn't finished; when City Hall relocates back into the new building without a finished basement there will not be a place to store necessary items that are currently stored in the interim City Hall basement. She said the basement needs to be finished to move into and this shouldn't be a place where any corners are cut.

The motion failed on a five to one vote, Councilor Sweeney voting for the motion.

Councilor Frandsen made a motion, second by Councilor Feury, to add #1, finishing the basement storage area, locker and bathrooms at an approximate budget of \$28,000. The motion passed on a five to one vote, Councilor Sweeney voting in the negative.

Councilor Frandsen made a motion, second by Councilor Hildner, to cut #2, the skylight in City Council Chambers to save \$19,000. The motion was approved unanimously.

Councilor Barberis ask for clarification from Architect Ben Tintinger on a revised figure on #3 that Rhonda Fitzgerald had mentioned during her public comment earlier this evening. Architect Tintinger said that savings had been revised to \$35,121.

Councilor Frandsen made a motion, second by Councilor Barberis, to keep all of the canopies on Baker Avenue from the retail space to City Hall for an approximate budget of \$35,000. After some Council discussion the motion passed unanimously.

Councilor Hildner made a motion, second by Councilor Frandsen, to cut #4, the detail design on roof cornice for a savings of \$32,030. Council discussion of pros and con; it was noted that the detail design can be added later at another time. The vote on the motion was a tie vote with Councilors Hildner, Frandsen and Williams voting in favor and Councilors Barberis, Feury and Sweeney voting in opposition. Mayor Muhlfeld voted for the motion so the motion passed on a four to three vote to cut the detail design on roof cornice for a savings of \$32,030.

Prior to the next action Council asked Architect Tintinger if this item had been discussed during their review of the project with the Architectural Review Committee (ARC). Tintinger said ARC did approve this modification but he needed to make a clarification on the amount of savings for this item. There is a cost adjustment to add the cost of painting the block, but a reduction because of not needing the sealer for the brick, so the adjusted savings if this item is cut is closer to \$4000 - \$4500. Manager Stearns searched and found last week's memo from Tintinger with this adjusted amount and said the delta is only \$4100.

Councilor Sweeney made a motion, second by Frandsen, to not cut #5; and keep the oversize brick on the east side (the alley side) of the building; adding back \$4100.

Mayor Muhlfeld noted the 6th item had previously been included in the project by a vote at the December 7, 2016 meeting. He said from the decisions made above the subtotal of issues handed down from the Committee and approved by the Council now total \$51,030 instead of \$229,128 as shown on page 400.

In answer to the question regarding the capitalization of lease space for only three years, Manager Stearns said because the TIF fund expires in June 2020; the capitalization it is a loan from

TIF, to be paid back into TIF. There was other discussion about other possible lease payments of City property being treated the same way. The Mayor brought the Council's attention back to the next decision points 1-4* at the bottom of page 400.

- *1. Add \$162,000 to the budget by capitalizing three years of lease payments from the retail space and borrowing that money from the TIF.
2. Cut \$229,128 as listed; (now \$51,030 from decisions made in the previous five motions.)
3. Approve the value engineering changes of \$181,194
4. Allocate \$200,000 left over from the ancillary costs budget to the building design

Councilor Frandsen made a motion, second by Councilor Hildner, to add \$162,000 to the budget by capitalizing three years of lease payments from the retail space and borrowing that money from the TIF (#1). The motion passed unanimously.

Mayor said #2 was done in the five earlier motions now saving \$51,030.

Regarding #3: Manager Stearns referenced the Value Engineering (VE) tabs on pages 406-407 in the packet and said these items are internal construction and costs, just the opposite of the policy decisions just made by the Council on design and appearance of the building. Discussion followed on a couple of the line items and Architect Tintinger said there have even been some additional costs savings found and directed the Council to a new summary sheet on page 398 in the packet. Tintinger said on this page the VE items can even be further revised if additional savings are found as things are getting more refined. They are continuing to work on costs. Council followed up with more questions.

Councilor Frandsen made a motion, second by Councilor Hildner, to approve the Value Engineering changes as presented in the packet on page 398 with the direction to continue seeking more opportunity for additional value engineering. The motion passed unanimously.

Manager Stearns directed the Council to packet page 395 for their consideration of #4 of the above list. He said there are still more costs to come in and he thinks there is room for savings in the items on this page that aren't specifically determined. The policy decision to consider is whether or not to spend as much of the ancillary budget on building design and he will try to save as much where he can so that \$200,000 comes back into building design; clarification – building costs.

Councilor Sweeney made a motion, second by Councilor Frandsen, to incorporate those costs back into the project. The motion passed unanimously.

Mayor Muhlfeld said the next decision points will be from page 409 in the packet that is information Manager Stearns gave the council in his December 29th, 2015 memo, with ten items to consider which will give staff direction on funding options for the budget gap – agenda item **iii) give staff direction on funding options for the budget gap**

1. Furniture – there is not a line item in the budget for new furniture; while some used furniture was always planned to be reused in the new facility; it was also planned new furniture would be purchased. So employees can reuse what they are currently using and more pieces of furniture are stored in the basement, we did inherit and are using some additional old furniture when we leased the interim space. Manager Stearns said if there is money left over at the end of the project we could use it for new furniture; and Departments can always budget in future years to buy new furniture as needed. There is still a contingency in the budget and new furniture probably should be purchased for the lobby and common or public areas; there may be some other apparent need for new furniture as the project

proceeds. He has heard requests to replace the green chairs used for audience seating in the Council Chambers, but that probably won't happen without a furniture line item in the budget. Without money in the budget (estimated at \$320,000 – 400,000) we will just have to buy furniture when possible, but it should be realized that would shift the funding from TIF to the general fund, other tax supported funds and enterprise funds. In the memo the 2nd option is to consider leasing furniture; but Manager Stearns did not favor the option.

Councilor Hildner made a motion, second by Councilor Williams, to defer purchase of new furniture at this time. The motion passed unanimously.

3. Commissioning – current low quote from CTA in Kalispell is \$28,861. Commissioning is the process to have an independent engineer double check and ensure that all the different systems work well and together after installation by separate sub-contractors. It is recommended by our Architect.

Councilor Hildner made a motion, second by Councilor Sweeney, to include Commissioning. The motion passed unanimously.

Mayor Muhlfeld said #4 (Reduce Owner's Representative's Hours) can be skipped as our Owner's Representative Mike Cronquist has voluntarily cut his hours on the job each day resulting in about a 35% savings on his contract. Mayor Muhlfeld and the Council thanked Mike. #5 on the memo can be skipped because it is things already being done (like value engineering (VE)), with the possibility of more savings being found by VE. #6 has already been discussed; Martel has agreed to rebid the concrete and rebar and he thanked Martel. #7 includes some information from previous discussions regarding the option to use Resort Tax dollars on this project and it has been generally agreed upon that it would not be the best use of those funds at this time as there are street projects that currently have the priority for that fund. He asked if there was any on the Council that wanted to add anything for #7 and there were no comments. #8 – Impact Fees – Mayor Muhlfeld said this has also been discussed earlier and Manager Stearns said the staff would be getting an updated TIF proforma out in the next couple weeks updated with impact fee revenues.

9. Delay Depot Park. Mayor Muhlfeld and Parks and Recreation Director Butts said there are portions of both Phase 1 and Phase 2 of the Depot Park Improvement Projects that are undone that could be moved forward two to three years, with the exception of using TIF funds for constructing a gazebo next spring to utilize the \$10,000 grant from Rotary that is contingent on that timing. Councilor Hildner said he thinks the Park Board is aware of the possibility of delays in moving forward with improvements in the Depot Park Master Plan with the exception of going forward with the gazebo.

Councilor Hildner made a motion, second by Councilor Frandsen, to fund the shortfall at Depot Park with TIF for the spring project and delay further work at Depot Park. The motion passed unanimously.

10. Mayor Muhlfeld said that earlier tonight he briefly touched on the building in Depot Park, ultimately that must go through the Depot Park Master Plan Steering Committee and the Park Board before more Council consideration; so that discussion will come back later.

ii) approve Amendment #4 with Martel Construction and set a Guaranteed Maximum Price;

Mayor Muhlfeld said the Contract Amendment #4 with Martel Construction, on page 413, is for \$1,034,823.24 and includes the Guaranteed Maximum Price (GMP) at \$13,611,290.00. Manager

Stearns said some of that has changed with Council's actions tonight. He referred the Council back to page 394. The Total Project Cost of \$15,965,259 was amended three times tonight with the canopies, finishing the basement and keeping the oversize brick (alley side of project) instead of replacing with painted block; bringing the total project cost to \$16,032,493 (that includes the \$150,000 contingency). Following those numbers the Cost Gap on page 394 of \$1,012,623 is now \$1,790,853 less the capitalization of lease space (\$162,000) for a new budget gap of \$917,857. On a question from Council, Manager Stearns said with concrete and rebar rebidding, and expecting those new numbers later this week, gives us a hope that the total cost will be lowered which would add back into the contingency. The Council can decide later if they want to spend part of that contingency on items cut out tonight, or they could just stay with the reduced budget. A Council motion on the total project costs establishes an upper limit while component parts continue to move as savings are found.

Councilor Frandsen made a motion, second by Councilor Hildner, to increase the City Hall/Parking Structure project total budget to \$16,032,493. Prior to the vote there was discussion and clarification regarding the contingency between Council, staff, and Architect Tintinger. **The motion passed on a five to one vote with Councilor Sweeney voting in the negative.**

Mayor Muhlfeld called for a break at 9:40 p.m. The Council reconvened at 9:55 p.m.

Manager Stearns said after going over the numbers, of the Council's last motion, with Mosaic and Martel during the break, actual costs were identified. The actual cost of the three items added tonight (canopies, basement finished and large brick on the alley side) is \$76,290.89. That added to the \$15,965,259 is now \$16,041,549.89 Total Project Budget.

Councilor Hildner made a motion, second by Councilor Barberis, to reconsider the motion wherein the Council approved \$16,032,493 total project budget. The motion passed on a vote of four to two with Councilors Sweeney and Frandsen voting in opposition.

Councilor Hildner made a motion, second by Councilor Barberis, to increase the City Hall/Parking Structure project total budget to \$16,041,549.89. The motion passed on a vote of four to two with Councilors Sweeney and Frandsen voting in opposition.

Manager Stearns said, based on costs of items added back in by Council tonight, Amendment No. 4 to Agreement between Owner and Construction Manager (packet page 413) is now \$1,111,114.13 (instead of \$1,034,823.24 as printed in the packet on page 413).

Councilor Frandsen made a motion, second by Councilor Hildner, to approve Amendment #4 for \$1,111,114.13 to the construction contract with Martel Construction as the General Contractor/Construction Manager for the future City Hall/Parking Structure project. The motion passed on a vote of five to one with Councilor Sweeney voting in opposition.

Councilor Frandsen made a motion, second by Councilor Feury, to approve \$13,687,580.89 as the Guaranteed Maximum Price (GMP) and authorizing the City Manager to sign the Amendment. Councilor Sweeney made the clarification that he could not support this number because it includes a \$150,000 contingency to be used as needed. **The motion passed on a vote of five to one with Councilor Sweeney voting in opposition.**

Mayor Muhlfeld said with that, it takes care of the City Hall/Parking Structure business for this meeting and he thanked Staff, Mosaic Architects and Martel Construction.

- 9) **COMMUNICATIONS FROM MAYOR AND COUNCILORS** (CD 2:40:09)
a) **Mayor consideration of appointment of Jim Laidlaw as Flathead County Designee to Whitefish Planning Board as extra-territorial member pursuant to Ordinance No. 14-08 (p. 459)**

Mayor Muhlfeld appointed Jim Laidlaw as the Flathead County Designee to the Whitefish Planning Board as the County Board of Commissioners' designee.

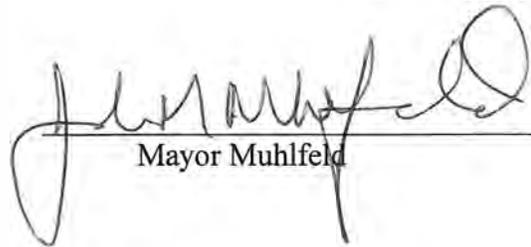
Councilor Frandsen made a motion, second by Councilor Sweeney, to ratify the Mayor's appointment. The motion passed unanimously.

COUNCIL COMMENTS:

Councilor Hildner said Dick Zoellner called him; he had attended the service for Virgil Bench. Dick Zoellner asked that Tyler Frank be recognized for his assistance to the Bench Family. Tyler Frank organized the construction and the volunteers who helped build the new home.

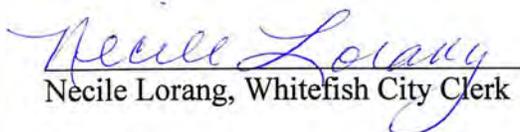
- 10) **ADJOURNMENT** (Resolution 08-10 establishes 11:00 p.m. as end of meeting unless extended to 11:30 by majority)
(CD 2:41:48)

Mayor Muhlfeld adjourned the meeting 10:08 p.m.



Mayor Muhlfeld

Attest:



Necile Lorang, Whitefish City Clerk

Please return to Necile

PUBLIC HEARINGS
PLEASE SIGN IN TO SPEAK ON A SPECIFIC PUBLIC HEARING 1/19/16

PLEASE PRINT NAME and ADDRESS

Seven Resolutions and Two Letters of Intent that are regarding the Purchase of a Conservation Easement in Haskill Basin from F.H. Stolze Land & Lumber Co

Amendments to Zone Regulations
Micro-distilleries, Standards for
Accessory Buildings, Definition for
Bar/Lounge

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*CUP = Conditional Use Permit