

**WHITEFISH CITY COUNCIL CLOSED EXECUTIVE SESSION**

**September 19, 2016**

**5:30-7:00 P.M.**

Closed Executive Session: Deliberation and possible decision on hiring of new City Manager Pursuant to §2-3-203(2) MCA. Mayor Muhlfeld, Councilors Barberis, Hildner, Feury, Williams, and Sweeney were in attendance. Councilor Frandsen was absent. Also in attendance were City Manager Stearns, Human Resource Director Baccaro, and City Clerk Howke.

**WHITEFISH CITY COUNCIL**

**September 19, 2016**

**7:10 P.M.**

**1) CALL TO ORDER**

Mayor Muhlfeld called the meeting to order. Councilors present were Hildner, Feury, Barberis, Sweeney, and Williams. Councilor Frandsen was absent. City Staff present were City Manager Stearns, City Clerk Howke, City Attorney Jacobs, Finance Director Smith, Planning and Building Director Taylor, Public Works Director Workman, Police Lieutenant Kelch, Fire Chief Page and Planner II Minnich. Approximately 4 people were in the audience.

**2) PLEDGE OF ALLEGIANCE**

Mayor Muhlfeld asked John Ellis to lead the audience in the Pledge of Allegiance.

**3) PRESENTATIONS-Whitefish Convention and Visitor's Bureau – quarterly presentation of tourism dashboard statistics (p. 15)**

Dylan Boyle, Executive Director for Explore Whitefish – Whitefish Convention and Visitors Bureau gave his report that is provided in the packet on the website. Councilor Hildner stated we were at 46% occupancy in May and 68% in June for lodging, are these current statistic plus or minus or same as? Dylan said he just began to receive the lodging occupancy data in May from Smith Travel Research. He has never received the information before because they will not provide information unless there is a certain threshold of lodging properties who provide information to them. He will have more information when reporting for the first quarter of FY17. Economically the US Travel Association is forecasting that domestic leisure travel will increase 1.6%. Statistics Canada and Alberta Treasury Board and Finance are forecasting a very modest economic recovery for Alberta to 2.4% growth in GDP, and a decrease in unemployment. Whitefish Mountain Resort could receive 120% of average snow fall this winter. Glacier Arrow has secured the Chicago Saturday flight which will run December 17<sup>th</sup> to April 1<sup>st</sup> in addition to Sundays December 18<sup>th</sup> to January 1<sup>st</sup>, and a new direct service on United to San Francisco starting December 17 to March 25<sup>th</sup>.

Councilor Hildner likes the way Dylan presents the numbers, it makes it a lot easier to understand and thanked Dylan. Councilor Sweeney asked when looking at the numbers for lodging, do we also have to consider the new hotels in Kalispell and Columbia Falls that might be drawing folks? Dylan said it gives us potentially more rooms, and more options. It could increase visitation; it also spreads out what the visitation base is currently around those properties. Which could potentially hurt our collections. He will know more in a year.

**4) 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)

John Ellis, 630 Somers Avenue, refers to agenda item 11a, the owners of the Firebrand Hotel requesting the City to increase the previously approved City's Tax Increment contribution. He has no problem with them receiving this money if they are due this money under the law. He asks the Council to continue it for 30 days due to they are failing to comply with the conditions of the Conditional Use Permit (CUP). Condition number 19 states a fence to be built along the east side of the property, this has not been done, a fence has been built along 1/3 of the property. One of the three homes on Kalispell Avenue has been torn down, those three properties are WR-4 properties. They are violating the city code 11-21-2 and 11-21-3, which state a parking lot is not allowed in a WR-4 neighborhood. He had pictures for the Council but requested those photos back. He also reminded the Council late this spring early summer, the Planning Board and the City Council considered and passed the amended version of the Downtown Master Plan, these three lots were shown as a city parking lot. In the final plan, lots were listed as WR-4 lots. Parking was going to be an issue with this hotel, they assured us that they had a solution for it. He asks the Council to consider put this off for 30 to correct the deficiency.

**5) COMMUNICATIONS FROM VOLUNTEER BOARDS**

**6) CONSENT AGENDA**

- a) **Minutes from September 6, 2016 Regular Meeting (p. 19)**
- b) **Ordinance No. 16-17; An Ordinance rezoning approximately 4.14 acres of land legally described as Parcels A, B and C of Certificate of Survey No. 20226, and Parcels A, B and D of Certificate of Survey No. 20213, in the Southwest Quarter of the Northwest Quarter of Section 35, Township 31 North, Range 22 West, P.M.M., Flathead County, Montana, from County R-1 (Suburban Residential) to Whitefish WSR (Suburban Residential District), and adopting findings with respect to such rezone (Second Reading) (p. 29)**

Councilor Williams had a correction to the minutes on packet page 28 under Council Comments, change the word "pension" mentioned twice to "pinch". **Councilor Sweeney made a motion, seconded by Councilor Hildner to approve the consent agenda as amended. The motion passed unanimously.**

**7) 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)

- a) **Ordinance No. 16-18; An Ordinance rezoning certain tracts of recently annexed land on West Lakeshore Drive from County R-3 (One Family Residential) to City WR-1 (One-Family Residential District), and adopting findings with respect to such rezone (First Reading) (p. 33) (WZC 16-06)**

Planner II Minnich gave her staff report that is provided in the packet on the website. Discussion followed between Council and Staff regarding properties numbered 33 and 34 on the map provided in the packet that are encroaching the right-of-way. The properties that are encroaching are grandfathered as far as zoning, until the structure is removed. City could

compel the removal of the encroachment. It would depend on the type of encroachment, and then what is our proposed use and how does that encroachment inhibit our proposed use? If we wanted to take a hard stand, we could write letters and make demands to move any encroachment. Councilor Hildner's concern is this is one access, the only access to a County park and he feels we have lost it. He would like to see more investigation. Director Workman said the first thing to do is to have a survey done to see what the encroachment is. Mayor Muhlfeld feels this would be opening a whole can of worms, unless there is any compelling reason to target these two individual lots. Councilor Sweeney agrees with Mayor Muhlfeld, and at any time we can ask to remove the house. This does not have any impact on the change in zoning. He does not have any interest in pursuing a change without some reason.

Mayor Muhlfeld opened the Public Hearing. There being no public comment, Mayor Muhlfeld closed the Public Hearing and turned the matter over to the Council for their consideration.

**Councilor Sweeney made a motion, second by Councilor Feury to approve Ordinance No. 16-18; An Ordinance rezoning certain tracts of recently annexed land on West Lakeshore Drive from County R-3 (One Family Residential) to City WR-1 (One-Family Residential District), and adopting findings with respect to such rezone as stated in staff report WZC 16-06. The motion passed unanimously.**

**8) COMMUNICATIONS FROM PLANNING AND BUILDING DIRECTOR**

- a) Resolution No. 16-15; A Resolution adjusting the cash-in-lieu payment in connection with affordable housing to \$12,000.00 per unit (p. 70)**

Planning and Building Director Taylor gave his staff report that is provided in the packet on the website. Lori Collins the Whitefish Housing Authority Executive Director was available for questions.

**Councilor Feury made a motion, second by Councilor Williams to approve Resolution No. 16-15; A Resolution adjusting the cash-in-lieu payment in connection with affordable housing to \$12,000.00 per unit. The motion passed unanimously.**

**9) COMMUNICATIONS FROM PUBLIC WORKS DIRECTOR**

- a) Resolution No. 16-52; A Resolution establishing "No Parking" Zones along portions of West 7th Street (p. 77)**

Public Works Director Workman gave his staff report that is provided in the packet on the website.

**Councilor Barberis made a motion, second by Councilor Sweeney to approve Resolution No. 16-52; A Resolution establishing "No Parking" Zones along portions of West 7th Street. The motion passed unanimously.**

**10) COMMUNICATIONS FROM CITY MANAGER**

- a) Written report enclosed with the packet. Questions from Mayor or Council? (p. 82)**  
None
- b) Other items arising between September 14<sup>th</sup> and September 19<sup>th</sup>**  
None

**11) COMMUNICATIONS FROM MAYOR AND CITY COUNCILORS**

**a) Consideration of a request from the Whitefish Hotel Group to increase the previously approved City's Tax Increment contribution to the site improvements in the public right-of-way at the Firebrand Hotel site on Block 46 from \$147,000 to \$170,817.16 (p. 96)**

City Manager Stearns stated Jeff Badelt, representing Whitefish Hotel Group is in the audience if the Council has questions for him. Information regarding this request is provided in the packet on the website. Manager Stearns cautioned the Council the Assessor's Office does not always use cost information as the basis for their evaluation. They might use cost information as the basis or a consideration for the initial valuation. Commercial property often goes to the income basis valuation. He doesn't have strong guidance on what will happen. The initial County Assessor valuation. The first year was \$4.71 million, then when it went to the income basis evaluation it has been assessed at \$3.64 million. Those figures might overstate the Tax Increment revenue received, but we can't be sure until we see the valuation of the hotel from the Assessor.

Mayor Muhlfeld addressed Jeff Badelt. Jeff stated Bruce Boody prepared the estimate more than a year ago. Included in the \$147,000 is a \$19,000 contingency. Which the figure of \$107,000 is money actually spent on public improvements. Bruce omitted his own fees of over \$5,000, architectural design of \$3,800, Sands Surveying \$4,800, and shipping for all lamp post and fixtures was \$5,000. Councilor Sweeney asked and Manager Stearns said he doesn't think there is any legal obligation. Mayor Muhlfeld said the minute's state the developer will install the improvements according to city standards, which they did, then upon submittal of the detailed invoice will be reimbursed by the City as provided for in state law. Jeff has provided this evening the detailed project accounting. The motion made by Councilor Sweeney agreed to reimburse up to \$147,000 for those improvements. Manager Stearns said the motion is controlling, we wouldn't pay until we verified they spent at least \$147,000, and has paid them the \$147,000 with original invoices submitted. Mayor Muhlfeld said if the City was a partner in the promenade and the street scape improvements, it is only equitable we cover those costs. Councilor Hildner does not disagree that we cover some costs, but what we have covered so far is \$128,000 for improvements plus \$19,000 in contingency that is already spent, so we authorized up to \$147,000 and somewhere along the way it seems to him that somebody didn't do some due diligence in accounting. He doesn't know if the City should bare those costs or the owner. Councilor Sweeney said part of their request for approval in addition to placing conditions on the project in things they have asked from us we also agreed to give them significant TIF funds to reimburse them for actual infrastructure cost that would make the project consistent with our Downtown Master Plan. They knew that going in. He is trying to figure out where the equity is in terms of the citizens of Whitefish.

**Councilor Barberis made a motion, second by Councilor Sweeney to consider a request from the Whitefish Hotel Group to increase the previously approved City's Tax Increment contribution \$10,000 for a total not to exceed \$157,000.** Councilor Barberis said she likes the way the promenade looks and she thinks we are a partner in that. She thinks other developers will be encouraged to continue improvements. She also feels like we should have been informed before the fact for the entire increase. Based on the fact she thinks the hotel will contribute to the TIF, she is willing to go up to the \$157,000. Councilor Hildner said his concern is of the accounting or at least the scrutiny of charges that might otherwise take place. They charge a mileage rate of \$.95/mile, the federal rate is \$.54/mile and the volunteer rate is

\$.11/mile. He uses that as an example of perhaps there may be some other areas of comparisons. **The motion failed 4-1, Councilor Barberis voting in the affirmative.**

**Councilor Williams made a motion, second Councilor Sweeney to table October 17, 2016 to consider the Whitefish Hotel Group to increase the previously approved City's Tax Increment contribution to the site improvements in the public right-of-way at the Firebrand Hotel site on Block 46 from \$147,000 to \$170,817.16 and have staff look into the violations of code and conditions written within the CUP. The motion failed on a 3-2 vote, Councilor Barberis, Hildner and Feury voting in opposition.**

**b) Consideration of cancelling the second meeting in December – December 19, 2016**

**Councilor Feury made a motion, second by Councilor Sweeney to approved cancelling the second meeting in December-December 19, 2016. The motion passed unanimously.**

**c) Possible action – Ratification of job offer to City Manager candidate**

Mayor Muhlfeld said it was discussed in the Executive Session to make an offer for the City Manager position. A press release will be issued in the coming days once reached out to this individual and receive a positive response.

Council Comments:

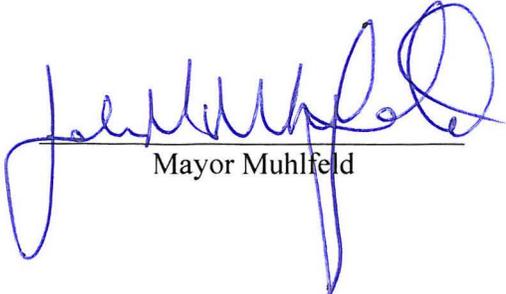
Councilor Hildner asked and Chief Page said Fire Marshal is still on vacation, he will visit with him on his return regarding the sprinkler question for rentals. He mentioned the maternity room has been moved to the second floor of the new City Hall, but there was no sink or outlets, and there should be. He would like the Building Department to address John Ellis's concerns with regards to the fence and the parking lot at the site of the Firebrand Hotel and bring that back in two weeks.

Councilor Williams would like to add to that the code violation for the parking lot.

Councilor Feury wanted to thank Sherri Baccaro, Human Resource Director for a great interview process and taking care of everybody on Thursday and Friday for the City Manager interviews and also thanked the Candidates for coming. It is a great process and they all complimented us, without exception of what a great City Staff we have.

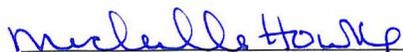
**12) ADJOURNMENT (Resolution 08-10 establishes 11:00 p.m. as end of meeting unless extended to 11:30 by majority)**

Mayor Muhlfeld adjourned the meeting at 8:11 p.m.



Mayor Muhlfeld

Attest:



Michelle Howke, Whitefish City Clerk

