

CITY OF POLSON COMMISSION MEETING

Commission Chambers

March 21, 2016

6:00 p.m.

ATTENDANCE: Mayor Heather Knutson, Commissioners Coutts, Donovan, Siler, Southerland, and Turner, City Manager Mark Shrives, City Clerk Cora Pritt

ABSENT: Commissioner Erickson

OTHERS PRESENT (who voluntarily signed in): Dave DeGrandpre, Elsa Duford, Lita Fonda, Mark Johnston, Mike Lies, Gil Mangels, Bonnie Manicke, Lee Manicke, Link Moderie, Mark Nunlist, Tony Porrazzo, and Joslyn Shackelford

CALL TO ORDER: (00:12) Mayor Knutson called the meeting to order. The Pledge of Allegiance was recited. Roll call was taken.

APPROVAL OF PROPOSED AGENDA (01:10) - Commissioner Turner motion to approve the proposed agenda. Commissioner Donovan second. City Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC **NOT ON THE AGENDA (01:52)-Elsa Duford**-Ward II commented that she wanted to bring a couple of things that were not included in the minutes from the last meeting. The property owned by the City that needs to be attended before the fire season was not included. Also, Elsa gave a voter's registration card to the Mayor and City Clerk to share with anyone that has questions about the card. Mayor Knutson commented that she had put a note on her personal calendar to review the property that Elsa discussed before fire season.

CONSENT AGENDA (04:34)-(a). March 1-17, 2016 claims, (b). City Commission meeting Minutes March 7, 2016, **Commissioner Coutts motion to approve the Consent Agenda. Commissioner Siler second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried.**

CITY MANAGER COMMENTS (05:28)-City Manager Shrives commented on the following: The City has received a letter from the Polson Fairgrounds, Inc. requesting a letter of support. The Lake County Commissioners are exploring the idea of building an Event Center on the fairgrounds. City Commission advised City Manager Shrives to write the letter of support. The City Clean Up will occur on Friday, May 6, 2016. Fire Chief Cottle was asked to update the Commission on a few items. Fire Chief Cottle reported that the Fire Department is currently applying for a grant that would pay wages for a new employee. This grant would pay the wages two years. The grant needs to be turned in by March 25th. In the event the City is unable to meet the deadline, then the City will apply next year. There is a safety problem with the Ladder Truck. A certified mechanic from Missoula, MT has looked at the engine and determined that the engine is not safe for use in the current condition. It will take approximately \$15,000.00 to bring the engine up to standards that it can be used. It will be six weeks before the mechanic can begin working on the engine. Commissioner Turner asked what it would take to get one of the City's mechanics certified to work on Fire engines. Chief Cottle answered he would look into that. Commissioner Southerland asked what would be the approximate cost for a new engine. Chief Cottle replied approximately \$800,000.00 to 1,000,000.00. Commissioner Turner asked what the current value of the engine is before any repair. Chief Cottle replied \$50,000.00 to \$100,000.00. Mayor Knutson commented that in the next budget year begin budgeting for a new engine. Chief Cottle also reported that the new brush truck is 75% completed and will be coming in under budget. Commissioner Siler asked

about the activity at a house located on 7th & 15th. Chief Cottle commented that the Fire Department is using that home as training, with the permission of the home owner's.

LOCAL GOVERNMENT CENTER STRATEGIC PLANNING WORKSHOP REPORT (16:28)-

Blake Christensen, Assistant Director Local Government Center presented this agenda item. Mr. Christensen and Mr. Clark had facilitated a Strategic Planning workshop with the Commission and the City Department Heads on Saturday, February 27, 2016. This is a follow-up report on what was accomplished at the meeting. The Mission Statement and Vision Statement were written as well as the Core Values. The City of Polson Goal Themes are; 1. Community Outreach and partnerships 2. Planning and Annexation, 3. Funding and Finance, 4. Organizational Capacity Building, 5. Infrastructure and Facilities. This is a living document that will change as needed. The next step will be to identify the strategy, action, and resources to implement the goals. The City Manager will now be in charge of planning the strategy and action along with the department heads. These goals are what the City wants to occur in the next 3 to 5 years. This document will help the community identify where the City of Polson is heading. Public Comment: **Lita Fonda** commented that this sounded like a good thing. Seems to be very complimentary with the Heart and Soul project.

AMEND SPECIAL USE PERMIT #15-02, POLSON YOUTH SOCCER COMPLEX (42:19)-This

agenda item was presented by City Planner Kyle Roberts. The Polson Youth Soccer Association is requesting an amendment to their Special Use Permit (SUP) to change the parking lot and a new access drive to and from the facility. The SUP was originally approved April 21, 2015. The new Entry/Exit would be one 40 foot access instead of two 20 foot accesses. The Parking lot has been changed to reflect the new Entry/Exit. This new Entry/Exit will accommodate a fire truck entry, turn around, and exit as well as pedestrian traffic, athlete drop off and pick up, bus, motor coach and RV parking. The City County Planning Board has recommended approval of the amendment. **Commissioner Turner motion to approve the amended Special Use Permit request for the Polson You Soccer Complex on behalf of Alpine Landscape & Design, LLC, Joslyn Shackelford. Commissioner Southerland second.** Commission discussion: none Public Comment: **Gil Mangels**-commented that the parking lot should be paved. The amount of dust is tremendous and causes problems. The water truck that is used only makes a muddy mess and soon the dust returns. **Elsa Duford**-commented about the access for school buses. Will there be enough room to accommodate the unloading/loading of students. Joslyn Shackelford commented that there will be more than enough room in the parking lot for unloading/loading of students. **Commissioner Coutts** commented that he had spoken with Tana Seeley, Mission Valley Aquatics, regarding what the neighbors of the Complex thought. Tana was very supportive. The parking lot will eventually be paved. **VOTE: Unanimous Motion carried**

APPROVE RESOLUTION TO AUTHORIZE MATCHING FUNDS (51:54)-City Finance Officer

Cindy Dooley presented this agenda item. This Resolution is to provide matching funds from the Sewer Fund for the Department of Commerce Treasurer State Endowment Program (TSEP) grant. The City of Polson was awarded a \$750,000.00 grant to assist in the construction of the new waste water recovery facility. This Resolution will demonstrate the City's commitment to the project by providing local funds in the amount of \$1,200,000.00. The Resolution will allow the project to continue moving forward. Mayor Knutson asked what the interest rate would be. City Finance Officer Dooley replied 2.9%. **Commissioner Siler motion to approve Resolution No. 2016-tbd to provide matching funds for the TSEP grant in the amount of \$1,200,000.00. Commissioner Donovan second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

7:00 p.m. PUBLIC HEARING (58:17)

Mayor Knutson reminded the Commissioners that this will be the Public Hearing to listen to comments from the citizens regarding the proposed Polson Development Code. There will be no discussion during the public hearing. Before Public comment, there will be a brief presentation by the City Planner Kyle Roberts. When addressing the Commission, please state your name and ward number or address. Once

public comment is over, the Public Hearing will be closed, then the Commission will return to the remaining agenda items on their regularly scheduled meeting agenda.

Mayor Knutson then opened the Public Hearing. (59:18)

City Planner Kyle Roberts gave a brief history of the last 7 years spent rewriting the Polson Development Code. In 2009 Dave DeGrandpre, Land Solutions, was hired to re-write the Polson Development Code. There was also a volunteer committee formed. The City Manager went through the draft with the committee line by line. In the summer of 2014 the City County Planning Board began holding workshops to review the document. In the autumn of 2015 Lake County opted to pull out of the Polson Development Code so the document had to be reworked to remove any reference to the County changing the document to City only. During the last 6 months, there have been 3 Public Hearings conducted by the City County Planning Board with many changes occurring. There have been approximately 15-20 changes to the document as a result of these hearings. The draft does comply with State Zoning Regulations. Dave DeGrandpre commented that this has been an extensive process with no stone left unturned. The amount of volunteer time from the committee has been quite a lot and they have done an incredible job. Mayor Knutson asked the number of volunteers on the committee. Dave DeGrandpre replied there were 7.

Mark Johnston-Ward 1-regarding the proposed changes, our area was re-drafted as a Transitional Zoning District. A zone away from single family housing to a place that could have multi-family houses, and smaller boutique style shops and businesses. The infrastructure around where Mr. Johnston lives is dilapidated. This year a large part of the road was tore up to install a main water line. The comments made during that time was that it would only be a matter of a few years before the sewer lines would need to be replaced. They did kind of a half kind of a job on replacing the street. There are no sidewalks in the area. Parking is problematic because we have a lot of people that come down to the lake and park along that area. Just concerned that the added stress of more homes, more businesses there will be a fight for what's there. Mr. Johnston commented that he is always questioning what the driving force is. Three years ago when Mr. and Mrs. Johnston moved to Polson, they walked downtown and saw that 30-40% of the businesses on Main St. had for sale, for rent, out of business signs. The concern is if we open up more places to have small businesses we will have more places that will have unsuccessful small businesses. Mr. Johnston also commented on recreational vehicle parking on the streets of Polson. Recreational vehicles are parking essentially in the Johnston's lawn because there is no sidewalk, no separation of the property from the street. People come, park their recreational vehicles there, literally take out folding chairs, their dogs are right up next to the fence, and they smoke cigarettes. The new ordinance limits the parking to 24 hours but imagine having someone living in your yard for 24 hours. They can move 30 feet away and park somewhere else. It is a little bit trickier in the summer months. Mr. Johnston would like to see no recreational vehicle parking allowed. There are camp grounds for that.

Elsa Duford-Concern was expressed at the City County Planning Board months ago regarding the accessory units. It was written so strangely, if you didn't do something just right, it was an incomplete statement. On page 6 on one sheet it reads; Accessory dwelling unit. The purpose and on 119 is the page number on the second sheet. The purpose; The purpose of these performance standards is to allow efficient use of the existing housing stock and infrastructure, provide housing options that respond to changing household sizes and needs, provide a means for residents-particularly seniors, single parents and empty-nesters—to remain in their homes and neighborhoods, obtain extra income, security, companionship and assistance, and to provide a broader range of affordable housing options. The first time Elsa discussed this, there were sentences missing from it. It went from that to a violation of the terms and to a penalty. Violation of terms. In the event that any of these terms is violated, the owner shall provide for the removal of the accessory dwelling improvements and restore the site to its principal use. Violations of these standards will be prosecuted to the fullest extent of the law. What does a person do, after reading the purpose of this, to warrant such harsh penalties? A lot of the homes on 15th Avenue, where Elsa lives, have spare rooms and basements. These are homes that could be used as described on here. The idea of having a penalty attached and having to sign this deed restriction it would make it not comfortable at all to want to do this on a regular basis. You would have to get your use back to what it

was originally was if you wanted to sell your property. It got very complicated in a very nice idea to start with. Elsa commented that she thinks this needs to be looked at. She can't agree with a penalty attached to something like this. This section needs to be revised again. Long-time residents should not be penalized for making use of their homes, especially seniors, if they needed extra income.

Sam Jacobson-Ward III-a member of the City County Planning Board. Elsa just spoke to one issue that we were in the midst of how do we enforce this? Where would we find in the budget for Polson Development Code Police? If we are going to add something legally like Accessory dwelling units, there needs to be fairly narrow, fairly restrictive ways to go about it so that we don't wind up with passing it one to the next or actually turning a single family dwelling into a duplex. If you have someone living in your basement, and 10 years from now decide to sell the home, you will have to return it to a single family residence or ask for a Special Use Permit. Our number one problem with a lot of things that we wrestled with is how do you enforce that? We have way too many things in the City that are already in violation and not a good way to fix it. Sending a complaint letter to the City Attorney is about the only way to enforce a lot of these regulations. We haven't come up with a good solution. Right now, once it is done and constructed, it will require a citizen's complaint thru the City Attorney. There are a lot of zoning issues that don't make sense that will have to be addressed in the future. It is not a perfect document. The committee has spent 7 years putting this document together. Any zoning can still be addressed.

Lee Manicke-Ward II- First Lita wrote you a rather lengthy letter and I would like to think that you should take that letter and find the chapter and paragraph and compare what she is trying to say. She has some good comments in those things. There are some errors that could be corrected. One of the things is the Accessory dwelling particularly on small lots, or 7,000 foot lots. She makes a fairly good case on why that should not be the case. Mr. Manicke agrees with her comments. Another comment that she has and I have is the Planning Board, on the west side of 1st St West, made a row of Central Business District, for the four lots that go from 4th Ave. to 7th Ave. That is presently proposed to be Old Town with a 55% lot coverage, 35 foot building height. If it goes to Central Business District, and it's a commercial building, it can have 100% lot coverage and a 50 foot building height. There's only one or two people in the room that would like to have a 50 foot building right next to their house with a zero lot line. That is a mistake. There may be some provision for modifying that to have some kind of thing like a Transition Zone but it ought not to be Central Business District. In 1998 the proposal to change the first lot, the vacant lot to Highway Commercial. That was a discussion only for the City Council but there was quite a bit of opposition. It obviously didn't happen but the Planning Board was just trying to get a feel for changing that lot. At the first and last Public Hearing with the City County Planning Board I suggested there was an error in the Transition Zone. There seemed to be some reluctance to change that. The north half of block six, lots one through six, in 1998 were changed from Transition to Central Business District. That is not shown on the current map. There is also on the map, north of the library, a Transition Zone. Not sure that should be either. A zoning map of 11/30/2000 shows that as a Central Business District. On another map the half a block is shown as Transitional Zone, it should be Central Business District because it was done back in 1998. Have the Council public hearing minutes that identifies where zone was changed from Transition to Central Business District. It identifies where it is, down the center line of 1st Avenue and 2nd St. W. rather than move the line across the entire right-of-way. The Council meeting where this was approved, along with the Ordinance. All I want to do is get it right. It's wrong now, let's change it.

Tim McGinnis- 36572 Terrace Court (out of the City)-on the re-write committee and the City County Planning Board. What we are trying to do is the idea of zones that have higher density closer to town and circles that come out with less density. One of the goals was to try and revitalize downtown. Some of the changes will encourage revitalization of downtown. There are several members of the committee as well as the Planning Board. If you have any questions, please let us know. This is a well, very vetted document.

Lita Fonda-Ward I thank you for looking at my comments. I appreciate that since I was able to give you written comment, I don't have to stand here and read through all of those. I would be happy to clarify anything in there that is confusing or that you might have questions on. There were others that submitted written comments at the City /County Planning Board level. The Flathead Lakers put in a comment on some of the Resort Zoning District proposals. The Gilchrist and some other people they know had written comment supporting the Old Town District as it was originally proposed. I appreciated that Todd Erickson got together with me and we actually stood at the site of some of these things. I think if you look at the places that you are working on, it makes a difference. I appreciated him coming out. A lot of it, with the Code, just depends on where you see the balance point. That's why some of the difference of opinions come back. We all see different place where the balance is for Polson. It is tough to work through that, so I hope that you will help us to work through that and find a good balance for this document. I did want to add one comment. I was listening to what Elsa had to say and what I heard may have not been what she meant. It sounds like she was talking about an apartment within a dwelling. That is already allowed in the current code and would be allowed in the revised code. The part with the Accessory dwelling would be a separate detached dwelling and it was done very carefully. In Low Residential Zoning District (LRZD) I believe that is the district that Elsa lives in, you could have the mother-in-law apartment but in order to have the Accessory dwelling, the way the code is currently written, you would need to have an acre. It was too low for MRZD, and may be a little high for LRZD.

Gil Mangels-36094 Memory Lane-served on the City County Planning Board. Was going to address some of Lita's objections to 1st St W. I believe we had a unanimous vote to split that block. It would open up those empty lots facing, or facing 1st St. W. to businesses. It would be clean industry businesses, service type businesses. In my way of thinking that would be much better than having, I'm not against families, I've got great-grandchildren that I love and, but I would much rather see a clean business like dental shop or lawyers office, not that we need one more in the community but rather than having children laughing all hours of the evening, those service businesses would normally be 8 or 9 to 5. You wouldn't have bicycles left out in the alley. You wouldn't have barking dogs. She mentioned that it was dangerous to cross the street. I do business with DeVries and I park, plenty of parking along that empty lot there and I've never had the danger of being hit yet. There's a barn that was owned by the Reynold's family. At some point that will come down. Clean businesses would make better neighbors than the alternative. Some people say that they're racing through to go to 7th Ave. because there's no stop sign. Do we need more stop signs in town? A lot of people say that we have too many. We ought to take out every other one on Main St. You get a lot more noise, a lot more pollution the more stop signs you have. I think that's probably all of the things that I wanted to address.

Dennis Duty-33425 Hellroaring-been a long time coming. Just a couple of comments. It's been said a couple of time, there's been a difference of opinion on a many of the items. I just want to address Resort Zoning real quick. This is an area where we discussed having higher density. An area to have a higher commercial resort development which I think will really help the downtown area. We can get some area where we can get some higher density. Hopefully some people coming in here with their boats, spending money in our town. That's the whole idea. Some options to be able to build some things for example a tiki bar or something like that on the water. These are the ways that can happen. This is the zoning district that is planned for that. The changes that the Planning Board have made and recommended to you, I think are important and also good changes. So I hope you will address those as you look through this and approve them as we've proposed them here in this document. I've been on it from day one on this. I don't know how many hours I've personally committed but I think we've really vetted this. I think the Planning Board really vetted it and I think it's time to move on and get this thing approved so that we can proceed. It's difficult in our current zoning because we're making changes and trying to apply what's gonna happen in the future to today's document. Let's get this done so that we can start the planning process to proceed with how we envision our community moving forward. Hopefully we can get this done. Thank you.

Mayor Knutson-Thank you all again for sharing with us. I wanted to make sure that I mentioned some of the letters I received as well as public comment. Two of the folks, Lita and Gil were here today and

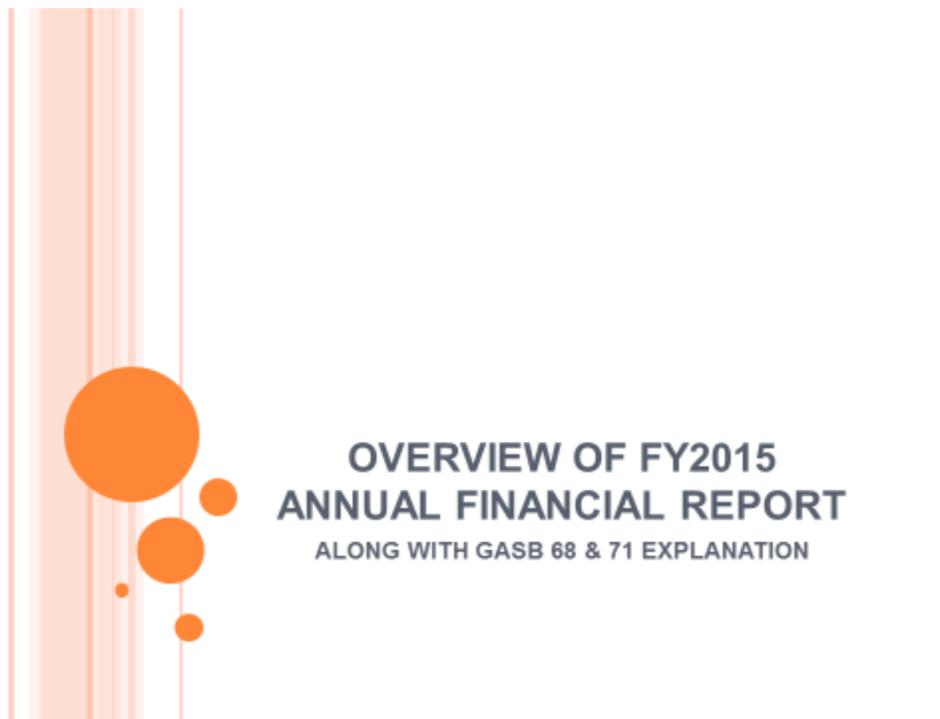
represented theirs. The only other one that I received that are not here today was from the Flathead Lakers. I believe you all have that sitting in front of you as well. I just wanted to make sure that you had an opportunity to review that. Since they're not here to speak, I just wanted to mention a couple of their comments that were in the initial email versus within their letter. The first one that they sent just recognized the Flathead Lakers opposing the proposal to reduce the set-back shoreline buffer that applies to the revised Polson Development Code. We also oppose the new proposal to increase the allowed impervious surface area coverage to 80%. These changes would reduce the filtering and absorption of pollutants carried by storm water. Flathead Lake benefits the City residents and our economy in many ways. Maintaining the existing regulations is important for the future of the lake and clean water. Flathead Lakers gave a recommendation of 50% impervious coverage.

Commissioner Todd Coutts-a few comments from the members of my ward echoing what Lita is saying about extending the Central Business across the street. I actually spent time over there today wandering around and talking to a handful of people that were home. I got a sense that most of them weren't very happy about it. A lot of them didn't even know of course. But if we're sharing what we heard in terms of comments, I would put that out there. The people that live there were concerned about having a commercial development boarding their yard with no set-backs, bigger buildings. The other thing that I heard over and over was parking. I think a lot of people that live in that neighborhood already have parking issues. Walking around even in the day when I thought most people would be gone, their parking is at a premium already.

Mayor Knutson closed the Public Hearing at 7:48 p.m. (01:44:48)

Mayor Knutson then returned back to the original session agenda.

ANNUAL FINANCE REPORT PRESENTATION (01:45:10)-City Finance Officer Cindy Dooley presented this agenda item. Finance Officer Dooley gave the following power point presentation:



TWO SETS OF FINANCIAL STATEMENTS

Government-Wide Financial Statements

- Statement of Net Position
- Statement of Activities
- Includes short-term and long-term receivables and liabilities
- Similar to private-sector financial statements

Fund Financial Statements

- Balance Sheet
- Statement of Revenues, Expenditures and Changes in Fund Balances
- Includes only short-term receivables and liabilities
- Enterprise Funds same as Government-wide but more detail

SUMMARY OF MANAGEMENT'S DISCUSSION AND ANALYSIS

- The assets and deferred outflows exceeded liabilities and deferred inflows by \$23,285,911 for FY2015. \$3,006,064 is unrestricted *net position*.
- The *net position* decreased by \$281,613
- The governmental funds combined *fund balance* was \$1,663,803, an increase of \$284,194 from FY2014
- The general fund unassigned *fund balance* was \$598,913 or 26.37% of general fund expenditures and other financing uses
- The City's total debt increased \$1,923,129 or 85.48% over the previous year

GOVERNMENT-WIDE STATEMENT OF NET POSITION SUMMARY

	Governmental activities		Business-type activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,485,096	\$ 2,277,233	\$ 4,899,076	\$ 3,708,436	\$ 7,384,172	\$ 6,045,099
Capital assets	4,521,747	4,590,690	15,159,237	15,446,077	20,680,984	20,096,767
Total assets	\$ 7,007,443	\$ 6,837,923	\$ 21,058,313	\$ 19,244,513	\$ 28,065,156	\$ 26,052,426
Deferred outflows of resources	\$ 114,712	\$ -	\$ 51,427	\$ 12,300	\$ 166,139	\$ 12,300
Total deferred outflows	\$ 114,712	\$ -	\$ 51,427	\$ 12,300	\$ 166,139	\$ 12,300
Current and other liabilities	\$ 483,012	\$ 416,929	\$ 325,012	\$ 277,530	\$ 808,024	\$ 696,468
Long-term liabilities	1212,006	1,316,861	784,746	481,872	1,996,752	1,800,733
Net pension liability	1,123,006	-	600,577	-	1,723,583	-
Total liabilities	\$ 2,818,024	\$ 1,733,790	\$ 1,710,335	\$ 759,402	\$ 4,528,309	\$ 2,497,201
Deferred inflows of resources	\$ 261,984	\$ -	\$ 155,640	\$ -	\$ 417,624	\$ -
Total deferred inflows	\$ 261,984	\$ -	\$ 155,640	\$ -	\$ 417,624	\$ -
Net Position:						
Net investment in capital assets	\$ 3,258,096	\$ 3,170,840	\$ 15,289,119	\$ 14,940,020	\$ 18,544,915	\$ 18,017,490
Restricted	1536,780	1,572,659	188,252	201,365	1,735,032	1,774,044
Unrestricted	(753,329)	366,824	3,759,393	3,419,387	3,006,054	3,779,021
Total net position	\$ 4,041,547	\$ 5,110,323	\$ 19,243,764	\$ 18,460,402	\$ 23,285,911	\$ 23,569,525

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES SUMMARY

	Governmental Activities		Business-type activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 479,327	\$ 478,838	\$ 1,027,712	\$ 2,887,883	\$ 1,507,139	\$ 3,386,616
Operating grants & contributions	59,388	15,945	-	-	59,388	15,945
Capital grants & contributions	69,428	80,886	612,202	9,022	681,730	69,898
General revenues						
Property taxes	1,689,827	1,887,828	-	-	1,689,827	1,887,828
Licenses/fees	66,346	65,714	-	-	66,346	65,714
Miscellaneous fees	28,823	27,028	-	-	28,823	27,028
Impact Fees	44,372	14,811	75,884	25,215	120,256	39,326
Intergovernmental revenue	738,428	882,839	9,882	-	748,310	882,839
Investment earnings	4,464	4,055	15,558	9,348	20,022	13,403
Gain (Loss) on Asset Disposal	1,882	3,738	(9,227)	2,822	(7,345)	6,238
Other revenues	6,528	29,242	18,080	3,597	24,608	33,337
Total revenues	\$ 3,286,521	\$ 3,284,636	\$ 3,859,659	\$ 2,778,911	\$ 7,145,976	\$ 6,771,687
Program expenses						
General government	\$ 877,281	\$ 712,888	\$ -	\$ -	\$ 877,281	\$ 712,888
Public safety	1,022,933	1,056,549	-	-	1,022,933	1,056,549
Public works	401,988	448,722	1,276,877	1,388,222	1,678,865	1,807,712
Culture & recreation	247,716	254,319	883,273	1,071,573	1,130,989	1,345,484
Housing/Community Development	7,284	71,882	-	-	7,284	71,882
Conservation of Natural Resources	1579	628	-	-	1,579	628
Interest on long-term debt	44,987	43,888	-	-	44,987	43,888
Total expenses	\$ 3,008,416	\$ 3,077,227	\$ 3,240,230	\$ 3,369,997	\$ 6,277,646	\$ 6,446,422
Change in net position before						
Restatements and Transfers	\$ 259,303	\$ (22,715)	\$ 1,033,428	\$ 547,376	\$ 1,292,727	\$ 324,625
Restatements	(127,317)	-	(127,317)	-	(254,634)	-
Transfers	-	-	-	-	-	-
Change in net position	\$ (128,780)	\$ (22,715)	\$ 179,281	\$ 327,676	\$ (281,919)	\$ 324,625
Total net position, beginning of year	\$ 4,170,327	\$ 5,133,038	\$ 19,064,483	\$ 18,132,826	\$ 23,046,732	\$ 23,243,899
Total net position, end of year	\$ 3,941,547	\$ 5,110,323	\$ 19,243,764	\$ 18,460,402	\$ 22,764,813	\$ 23,569,525

SO WHAT HAPPENED?

- GASB 68 and 71 brought a change in Pension Accounting
- Caused the prior year Net Position to drop \$1,317,877 for governmental funds & \$727,044 for business-type funds for the City's portion of the prior year net pension liability
- Added a separately stated net pension liability to the Statement of Net Position along with deferred outflows and deferred inflows of resources
- Created a negative unrestricted net position for governmental funds of (\$753,329)

WHAT IS GASB 68 & GASB 71?

- The Governmental Accounting Standards Board (GASB)
- Issues accounting standards for state and local governments
- GASB 68 fundamentally changed the accounting for pension benefits. GASB 71 amends the deferred outflows reporting
- Prior to GASB 68 the City recorded pension expense each year on a "pay-as-you-go" basis
- Post GASB 68 the City will continue to record pension expense each year but it will be adjusted for changes in the City's share of the net pension liability and deferred outflows and inflows

CITY OF POLSON PENSION BENEFITS

FY2015	PERS	MPORS
Employee	7.90%	9.00%
Employer	8.17%	14.41%
State	.10%	29.37%
Total	16.17%	52.78%

PERS offers *defined benefit* and *defined contribution* plans while MPORS offers only a *defined benefit* plan

In a defined benefit plan, an employer is exposed to the risk that the combination of employer contributions and investment earnings may be insufficient to pay promised benefits, in which case the employer is **obligated** to make up the difference. Conversely, in a defined contribution plan, the employer promises only to make regular agreed-upon contributions, leaving the risk with the employee that earnings will not be as anticipated.

DEFINED CONTRIBUTION ISSUES

- The PERS and MPORS retirement programs both have an unfunded net pension liability
- State and local governments will now be required to report their share of this unfunded liability as a long-term liability on their Statement of Net Position
- The reporting will be one-year in arrears so that the reported amounts will have been audited
- Governments are not being asked to fund this liability at this point – although they are “on the hook” for the amount reported

NET PENSION LIABILITY (NPL)
 INFORMATION PROVIDED BY MPERA FOR INCLUSION IN FY2015
 FINANCIAL STATEMENTS

PERS		MPORS	
Employer proportion of NPL at June 30, 2013	\$1,943,927.54	Employer proportion of NPL at June 30, 2013	\$242,648.25
Employer Proportionate Share of NPL at June 30, 2013	0.121236%	Employer Proportionate Share of NPL at June 30, 2013	0.135532%
Employer proportion of NPL at June 30, 2014	\$1,510,613.54	Employer proportion of NPL at June 30, 2014	\$212,969.19
Employer proportionate share of NPL at June 30, 2014	0.121236%	Employer proportionate share of NPL at June 30, 2014	0.135532%
Employer's Pension Expense for year ended June 30, 2014 (including support revenue)	\$116,092.36	Employer's Pension Expense for year ended June 30, 2014 (including support revenue)	\$69,185.04
Support Revenue provided by the State of Montana	\$1,388.58	Support Revenue provided by the State of Montana	\$46,276.99
Support Revenue provided by Coal Severance Tax	\$41,325.15	Support Revenue provided by Coal Severance Tax	\$-0-
Total Deferred Outflows	\$98,414.00	Total Deferred Outflows	\$55,424.86
Total Deferred Inflows	\$391,477.51	Total Deferred Inflows	\$26,146.98

HOW IS THE NPL DETERMINED?

- Actuaries follow a three-step process to determine the net pension liability
 - **Projection** – the actuary makes a determination of the number and amount of future benefit payments for each employee based on assumptions about rate of inflation, pay increases, retirement age, turnover, etc.
 - **Discounting** – the present value of those benefits needs to be determined to know the amount of dollars needed today to fund the payments in the future. A rate of return on investment is usually used.
 - **Allocation and amortization** – an amount for the current pension expense and an amount that will decrease the “gap” in funding is calculated

NPL (CONTINUED)

Present value of pension benefits
attributable to past service (*total pension
liability*)

Less: Resources currently available in the pension
trust to pay benefits (*net fiduciary position*)

Amount reported as a liability by the
employer (*net pension liability*)

NOTES TO THE FINANCIAL STATEMENTS

- More information can be obtained by reading Notes 9, 10 & 11 of the FY2015 Annual Financial Report (AFR)
- View the City's (AFR) report on the website at:
<http://www.cityofpolson.com/pdf/AFR2015.pdf>
- MPERA's reports can be found on their website at:
<http://mpera.mt.gov/annualReports.shtml>

APPROVE FIRST READING OF ORDINANCE TO ADOPT THE ZONING REGULATIONS AND ZONING MAP FOR THE CITY OF POLSON DEVELOPMENT CODE 2016 (02:06:58)-

City Planner Kyle Roberts, City Manager Mark Shrives, and David DeGrandpre, Land Solutions, LLC presented this agenda item. City Planner Kyle Roberts commented that this is the first reading and any changes recommended by the Commission can be made. **Commissioner Donovan motion to approve the first reading of Ordinance to adopt the zoning regulations and zoning map for the City of Polson Development Code 2016. Second from Commissioner Turner.** Commission discussion: Commissioner Coutts commented that there is a typo on page 82, under Parking, about three quarters of the way down on the page there is a “1” missing. Commissioner Siler commented that there is a typo on page 22-Overlay District #4 on page 20 there is already a “4”, so this one needs to be changed to a “5”. Commissioner Siler also asked for a chapter on each section. City Planner Roberts answered that the formatting will be cleaned up at the end. Commissioner Siler also asked if the document will be spiral bound or loose leaf. City Manager Shrives commented that that hasn’t been decided yet. Mayor Knutson brought up a couple of items. The recommendation on the projected daily vehicle trips, at one point is was recommended by the City Planner to be 500 vs. 1000 and 1000 was written into the code. City Planner Roberts explained that the threshold of 1000 didn’t make sense for Polson. David DeGrandpre commented that the City County Planning Board recommended the higher threshold for a large scale development. Dennis Duty commented that in order to expedite the Special Use Permit within the Highway Commercial Zoning District the review process has been changed. If the development will only have an impact of 500 vehicle trips, it will not impact the City as much. If there is a larger development with 1000 vehicle trips then it may require a Special Use Permit review. Mayor Knutson also asked on page 98, x3. RV, campers being parked outside of their residence on the street. If this is going to not be permitted, there will be some problems with this. City Manager Shrives answered that the enforcement will be complaint driven. Mayor Knutson then commented on page 100 in reference to vacation rentals by owners and the Bed & Breakfast how are other communities addressing this? David DeGrandpre answered that a lot of communities are starting to address this within their codes. Mayor Knutson questioned on page 100 3D why Bed & Breakfast are not allowed for meeting space? David DeGrandpre answered that the State licensing has specific requirements for Bed & Breakfast. Sam Jacobson-Ward III commented that they didn’t spend a lot of time on Bed & Breakfast the last little bit and would love some guidance because it is something that needs to be addressed in detail. It could be a big benefit for the community. Lita Fonda-Ward I- wonder Bed & Breakfast are in residential areas and the impact on parking may have been a part of the decision. It would be a Special Use due to the higher impact on the area. Mayor Knutson then commented on the Old Town and the Commercial Business district. There has been a little bit of conflicting information given. Commissioner Southerland commented that it sort of fits into the Safe City that has been adopted. Not only the streets, but making downtown accessible. Maybe the higher density fits in there. Commissioner Coutts commented that people just have a hard time coming up with a compelling reason to do it. A third of the downtown store fronts are already vacant. The people that live there should really have the most voice in this. We need to get the document passed and then work on this later. Mayor Knutson asked what is the driving force behind changes this now. Is it the two vacant lots? Tim McGinnis clarified that it is moving the Central Business Zone to across the street. One of the things that Planning and the committee tried to do is recognize what is already there and to accommodate that instead of having non-conforming uses. 1st St. W. has become a major thorough fare since the stop signs have been put on Main St. That was the rationale if that is going to be a major thorough fare, then make it Central Business. Sam Jacobson commented that the other zoning that might be more appropriate is Transitional Zoning on either side of the street. You might even amend it right now if you like. Commissioner Turner commented that through this whole thing, anybody and everybody is going to have an opinion. We all maybe want something over here. Somebody wants something over there. We’re just not going to be able to pick this apart and make everybody happy. Period. We just need to do what is best for our City. Best for our citizens and move forward. Later down the road, if we need hear from the public, or make some small adjustments, I think that’s the time. Right now, I appreciate all the comments, all the people showing up. I think this document has taken a very long time to get to this point and I’m extremely happy to see it here. I actually sat on the board a long time ago. It’s nice to see that we actually have a foundation but again that foundation is not going to meet

everybody's specific wants or needs but that foundation is a good starting point. I hope that we can see that. Mayor Knutson commented that she agreed with Commissioner Turner's comment but there are a couple of things that the Commission needs to make sure they are comfortable with. Mayor Knutson also brought up the issue of 25 feet vs 50 feet lake shore barrier. With the letter from the Flathead Lakers it needs to be discussed. David DeGrandpre commented that right now, the Development Code has a 50 foot buffer that allow only certain things to occur within that space. It is restricted to some degree. This is exists in all lake front and river front. The Planning Board recommended the change be in the Resort Zoning District only. That was to have a 20 foot buffer, which also corresponds with the Lake Shore Regulation. The other change that the City County Planning Board recommended was a higher percentage lot coverage in Resort Zoning District from 55% to 80%. This would maximize access to the lake. There has to be containment of storm water on the property. Lee Manicke Ward II thanked the Mayor for having this discussion. It's very refreshing. Gil's vision for 1st St. W was dental shops and that sort of thing. Mr. Manicke commented that his vision would be seeing a developer come in and want to do a 50 foot building with 100% lot coverage. Having a Transition Zone would seem a lot more appropriate. Mr. Manicke asked what the process was going forward. Mayor Knutson replied there would be a vote tonight on the first reading. Mayor Knutson then clarified that the Lake shore barrier would be 20 feet with 80% lot coverage in Resort Zoning District. Commissioner Turner commented that along with the new regulations, the developer will still have to maintain the waste water. You can't just dump it in the lake. The controls in place are good. Commissioner Coutts commented that Resort development, trying to save downtown, trying to get people to spend money, well Resort is where that's going to happen. People want the Resort near the lake. A vibrant Resort District would be usable. The focal point of Flathead Lake could be Polson. Commissioner Coutts asked if the process of voting on passing the first reading tonight, what happens between now and the next reading? City Manager Shrives answered that if the Commission want to make any proposed modification, then make that in your motion. Staff will research the direction give, bring it back in the second reading and the Commission can either vote to accept it or say no they are going to stay with the original. Commissioner Coutts then asked if the Commission would choose to do that would it set the process backwards. City Manager Shrives replied no it would not. Gil Mangels-Mr. Coutts, you own a pawn shop. The connotation of the work pawn shop today is a place where meth heads go to sell their property so that they can buy more meth. You have a very high end pawn shop. It is all high end stuff but the connotation we have to be careful. The connotation of commercial, we have to be careful. A wrecking yard or something like that. We need to be careful how we are polling our people. Old Town, we're not trying to destroy 3rd Ave. down there. Old Town does not mean the antique mansions in town. Mayor Knutson reiterated that the motion is to approve. We have sense, through our discussion, decided to recommendation to change the Commercial Business District to Transitional Zoning District down 1st. Commissioner Turner asked if it was going to be the entire area or the one street. Lita Fonda commented that there is currently no commercial in Old Town. This was a last minute thing that came up after public comment and was added in. There's no reason to put Transitional in. Tim McGinnis commented why the Planning Board didn't put Transitional Zone om there. They were trying to stop spot zoning. The Board just moved the CZD over a block. Sam Jacobson commented that there needs to be a transitional buffer between Old Town and downtown. There needs to be a buffer between the neighborhood and downtown. Tim McGinnis commented that Lita's point is well taken that this wasn't very well vetted. Rather than get this process held up, or changing this to Transitional Zoning which creates spot zoning, me personally, speaking for myself, I would be okay if you just bumped it back to where it was. It would just go down the middle of the street. **Mayor Knutson commented that that would be fine. Amend the motion to include return Central Business Zoning District back to the original state.** Public comment: Gil Mangles-one point would be taxes generated from additional businesses. Have never seen that street filled up with parking. Would support Main St. with clean businesses on that street. Think dollars maybe. We don't want to see service industry on Main St. That doesn't draw tourists. Elsa Duford-Thank Sam for his comments. There seems to be a difference on what was discussed between number of structures on a lot or just adding people. Does anybody care how many people are in my house? That shouldn't matter. A person's home is their castle. If you throw a penalty on the end of it, that changes the picture a little bit. Lita Fonda-Ward I thanked Todd for going out and actually looking at the area and talking with the people

there. Looking at the area can make a huge difference in perception. Gil's points I've already addressed in the comments you have received. Most people knew what Central Business District was. Thank you Todd for actually going out and looking at the area. **VOTE: Unanimous Motion carried**

APPROVE THE FIRST READING OF ORDINANCE TO ADOPT THE SUBDIVISION REGULATIONS FOR THE CITY OF POSLON DEVELOPEMNT CODE 2016 (02:56:31)- City Planner Kyle Roberts, City Manager Mark Shrives, and David DeGrandpre, Land Solutions, LLC presented this agenda item. City Planner Kyle Roberts stated that this is the first reading of the ordinance to adopt the subdivision regulation for the City of Polson Development Code 2016. **Commissioner Southerland motion to approve the first reading of Subdivision Ordinance Number 2016-TBD to adopt the 2016 Polson Development Code. Commissioner Coutts second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

(02:58:22) Mayor Knutson commented that a meeting may be closed to discuss the annual review of the City Manager. I have determined that the interest of the public and the knowledge of this contract clearly outweighs the interest of the employee's privacy. However, the City Manager has the right to request that the discussion of the contract be closed as a matter of personnel privacy and if he exercises that right, the discussion will be closed. If the discussion is closed, upon it's completion the Commission will reconvene into open session only to determine full action versus full minutes and to adjourn. The actual City Manager report will be presented at a future public meeting. I expect that the discussion will take approximately 30 to 45 minutes. At this point I would like to ask the City manager if he would wish for the discussion to be closed." City Manager Shrives, "Yes." Mayor Knutson, "Okay. Thank you. With that then we will go into recess."

.RECESS: (02:59:28) EXECUTIVE SESSION

RECONVENE: (02:59:37) Mayor Knutson commented for the record

(02:59:47) Mayor Knutson asked the Commission if there were any items that needed full minutes or will action minutes suffice. The audio will be the official meeting minutes. The Commission commented that action minutes would suffice.

Adjourn. (03:00:39) Commissioner Donovan motion to adjourn. Commissioner Coutts second. Commission discussion: none Public Comment: none **VOTE: Unanimous Motion carried.**

ADJOURN: 10:12 p.m.

Heather Knutson, Mayor

ATTEST: _____
Cora E. Pritt, City Clerk