

# CITY OF POLSON COMMISSION MEETING

Commission Chambers

June 20, 2016

6:00 p.m.

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

**OTHERS PRESENT** (who voluntarily signed in): Bill Barron, Tali Barron, Gerry Browning, Garth Cox, Linda Cox, Elsa Duford, Mark Evertz, Rich Forbis, Marie Hirsch, Carlisa London, Bonnie Manicke, Lee Manicke, Julane Matejovsky, Melissa Michel, and Tony Porrazzo

**CALL TO ORDER: (00:04)** Mayor Knutson called the meeting to order. The Pledge of Allegiance was recited. Roll call was taken.

Prior to the Approval of the Proposed Agenda, Mayor Knutson made a correction to Agenda Item #10. There needs to be the word Emergency add to the wording of the agenda item.

**APPROVAL OF PROPOSED AGENDA (00:51)** –Commissioner Turner motion to approve the proposed agenda with the amendment to the wording of Agenda Item #10. Commissioner Donovan second. Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

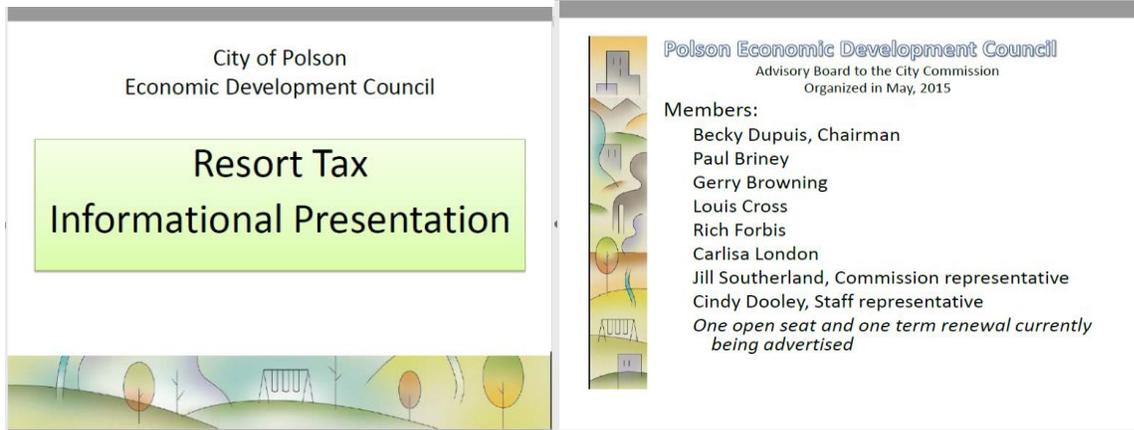
**PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC **NOT** ON THE AGENDA (01:52)**-none

**CONSENT AGENDA (02:19)**-(a). June 1-17, 2016 claims (b). City Commission written Summary Public Hearing Meeting Minutes June 6, 2016, (c). City Commission electronic meeting Public Hearing Meeting Minutes June 6, 2016 (d). City Commission written Summary Meeting Minutes June 6, 2016, (e). City Commission electronic Meeting Minutes June 6, 2016, (f). Approve City Manager to coordinate with the Polson Chamber of Commerce 4<sup>th</sup> of July activities, (g). Declare Parks Department vehicle as surplus property. **Commissioner Southerland motion to approve the Consent Agenda. Commissioner Coutts second.** Commission discussion: Commissioner Siler asked what the \$10,000.00 claim to the Rural Fire Department was for. City Manager Shrives replied it was for a compressor. Commissioner Siler asked for a report on the financial side of the division between the City and the Rural Fire department. Public comment: Rich Forbis asked the Commission to approve the City Manager to coordinate with the Polson Chamber of Commerce for the 4<sup>th</sup> of July activities. Elsa Duford, Ward III commented she wished to add to her comments she made during the June 6 Public Hearing regarding the article that Mayor Knutson had published in the *Valley Journal* June 1, 2016. The article pertained to the rate increase for the sewer rates. The rate increase will put a lot of pressure on a lot of people. Mayor Knutson requested that the City needs to obtain the Certificate of Liability Insurance from Steve DuPuis for the 4<sup>th</sup> of July Fireworks Display. **VOTE: Unanimous Motion carried**

**CITY MANAGER COMMENTS (07:33)**-City Manager Shrives commented on the following: Polson Police Officer Devon McCrea will be leaving the City of Polson Police Department. June 24<sup>th</sup> will be her last day. Devon will be missed. The Police Department will have an open recruitment to fill the vacancy. City Manager Shrives requested a budget committee of 3 of the Commissioners be formed to be a part of the City budget meetings and then report back to the Commission, similar to the committee that was formed for the insurance meetings. There will be approximately 3 meetings. Mayor Knutson, Commissioner Turner and Commissioner Southerland volunteered to be on the committee.

**REIMBURSEMENT REQUEST- (09:38)**-City Manager Shrives presented this agenda item. City Engineer Shari Johnson, Dennis Duty, Mike Maddy, and City Manager Shrives met to discuss the reimbursement request. There was a two hour meeting and the decision was that there needs to be another meeting to happen prior to the July 6, 2016 Commission meeting. There will be additional research and review and then a recommendation will be brought to the July 6<sup>th</sup> Commission meeting.

**ECONOMIC DEVELOPMENT COUNCIL RESORT TAX PRESENTATION (10:48)**-Economic Development Council (EDC) members Gerry Browning, Rich Forbis, and Carlisa London presented this agenda item. The EDC presented the following power point presentation to the Commission:



The slide is titled "City of Polson Economic Development Council" and "Resort Tax Informational Presentation". It features a decorative border at the bottom with stylized trees and buildings. To the right of the main text is a vertical graphic element with a stylized cityscape.

City of Polson  
Economic Development Council

**Resort Tax  
Informational Presentation**

**Polson Economic Development Council**  
Advisory Board to the City Commission  
Organized in May, 2015

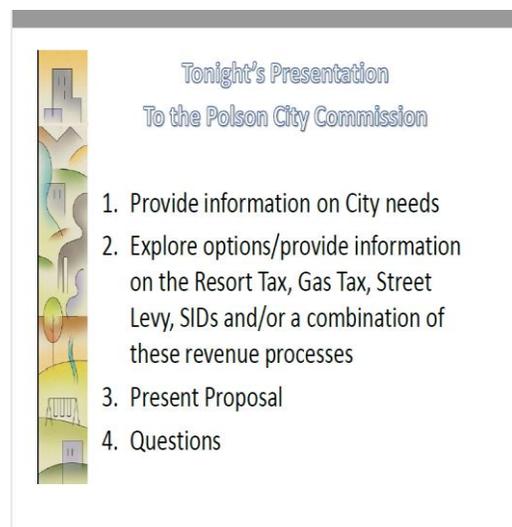
**Members:**  
Becky Dupuis, Chairman  
Paul Briney  
Gerry Browning  
Louis Cross  
Rich Forbis  
Carlisa London  
Jill Southerland, Commission representative  
Cindy Dooley, Staff representative  
*One open seat and one term renewal currently being advertised*



The slide is titled "Goals of the Economic Development Council" and features a vertical graphic element on the left with a stylized cityscape.

**Goals of the Economic Development Council**

- Create a diversified council consisting of business leaders, economic development leaders and others
- Formulate and review an Economic Development Plan for the City
- Develop and enhance the economic strength of the city of Polson
- Explore funding options to help with needs expressed by the community



The slide is titled "Tonight's Presentation To the Polson City Commission" and features a vertical graphic element on the left with a stylized cityscape.

**Tonight's Presentation  
To the Polson City Commission**

1. Provide information on City needs
2. Explore options/provide information on the Resort Tax, Gas Tax, Street Levy, SIDs and/or a combination of these revenue processes
3. Present Proposal
4. Questions



## What is the City's #1 Challenge? It's all about the Streets!



This was also the Heart & Soul project's #1 governance value concern that came from the neighborhood meetings.



Main Street Streetscape project funded by CTEP, Sidewalk loan fund, SID and Tax Increment funding



## Current Street Department Funding

- **General Fund (tax dollars) operating expenditures have averaged \$184,591 per year over the last 4 years**
  - Pays personnel costs
  - Pays administrative and operating costs for the department
  - Pays utilities, repairs and maintenance
  - Pays additional winter costs of snow removal
- In addition, equipment totaling \$258,430 has been purchased with grant funds in the amount of \$195,845 and \$62,585 in tax dollars over the last 4 years

**Fuel Tax allocation revenue – City receives an average of \$99,000 per year (15-70-101 MCA )**

- Total State Fuel tax dollars to allocate to incorporated cities and towns each year is \$10,360,000.
- Polson's allocation is less than 1% of this amount!
- Can be used for construction, reconstruction, maintenance and repair of the City's streets and equipment used to maintain the streets
- Currently this allocation is just enough each year to snow plow and de-ice the streets, durapatch the potholes, stripe the streets, pay for small paving jobs and set aside some money for future equipment purchases, down payments or debt service



## Current Street Issues



Lineal cracking on streets allows water to seep in. This pushes the asphalt up and leads to more cracking. Chip sealing on good streets can prevent further cracking. Streets like 3<sup>rd</sup> Street will need total reconstruction.



3<sup>rd</sup> Street  
→

## Current Street Issues

Fourth Avenue street slopes down to the curb

Curbs are disintegrating on numerous streets



## How much does a reconstructed street cost?

- To rebuild one block of street it costs about \$300,000 including curb, sidewalk, storm drain, asphalt and engineering fees.
- Costs are rising every year
- The current City street department budget does not have enough funding for reconstruction!



10.00 x 7.50 in



## What are the options for funding streets?

- **Do nothing and allow the streets to disintegrate**
  - However, survey results have shown that streets are the #1 concern for citizens
- **Raise city taxes through a special levy (requires vote)**
  - Only city taxpayers will pay for the street reconstruction and maintenance but others will drive on the street
- **Implement SIDs (special improvement districts) on a street-by-street or defined area of streets for street reconstruction**
  - Only property owners adjacent to the street will pay the SID but others will drive on the street
- **Street Maintenance Districts**
  - Property owners adjacent to the street are assessed to maintain the streets for chip sealing, seal coating, overlay, etc.
- **Look for other sources of revenue**
  - Grant funding is virtually nil for street reconstruction
  - 2 cent gas tax option (requires vote)
  - Montana resort tax option (requires vote)



### How would the City implement a street tax levy?

- This would be a referendum (meaning it is proposed by the legislative body) ballot measure to assess all real property taxpayers in the City's taxing jurisdiction
- It would be a general levy based on assessed value of real property in the city
- The funds would be used for street maintenance and reconstruction
- For tax year 2015, one mill is worth \$8,858 in the City of Polson. This value will hopefully increase in tax year 2016 after certified values are received in August, 2016
- To raise approximately \$500,000 in tax year 2015 would have required raising 56.45 mills.
- Taxpayer A with a \$100,000 assessed value residence would have paid \$76.21 in tax year 2015
- Taxpayer B with a \$200,000 assessed value residence would have paid \$152.42 in tax year 2015
- Taxpayer C with a \$300,000 assessed value residence would have paid \$228.62 in tax year 2015
- Taxpayer D with a \$400,000 assessed value residence would have paid \$304.83 in tax year 2015



### What is a Special Improvement District (SID) and a Street Maintenance District?

- An **SID** is created by the Resolution process of the government
- An SID is created for a legally defined area in the City and includes only the property owners in that area. Property owners have the opportunity to protest the creation of the district.
- The property owners are assessed for the cost of the street reconstruction or other improvement that benefits their property.
- Assessment can be based on assessed property value, equal amount per parcel, square footage, lineal foot or a combination of these methods
- The City currently has one SID – SID #42 commonly known as Streetscape. Assessment was based on lineal foot with annual assessments ranging from \$606.25 to \$3,395.00 per year over 15 years
- A **Street Maintenance District** can be one city-wide district or multiple districts for chip sealing, seal coating, overlay, curb and gutter repair, etc.
- A Street Maintenance District is first created by ordinance which outlines a method of maintenance and how the maintenance is paid and then follows the SID resolution process



### What are the other Options Available?

- County governments can put forth a ballot measure for a **2 cent gas tax** to be added at the pump
- This is voted on by citizens that reside in that County
- The revenue is split 50% to the County and 50% to the incorporated cities in that County and is used for street maintenance and reconstruction
- The tax is collected by the distributor (retail outlet) and remitted to the County
- Possible legislation may be brought to the 2017 legislature to have the tax added at the wholesale level and remitted by the wholesaler to the County government
  
- A **resort tax** measure can be placed on the ballot by cities, towns or districts that qualify for designation as a resort area
- This is voted on by citizens that reside in that city, town or district



### Why does resort tax exist in Montana?

“Resort taxes serve the function of creating a funding source for designated resort areas to finance a variety of services.”

“It allows communities with high numbers of visitors, but relatively few residents, to manage the wear-and-tear on **local infrastructure** without overburdening **local citizens.**”

~Northern Rocky Mountain RC&D (Resource, Conservation & Development)

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## Montana Resort Tax Law

MCA – Title 7, Chapter 6, Part 15

A resort community is defined as:

- an incorporated city with a population of less than 5,500 according to the most recent federal census
- derives the primary portion of its economic well being from employment related to the recreational and personal needs of persons traveling to or through the municipality
- has been designated by the department of commerce (DOC) as a resort community

The city of Polson meets these requirements:

- Census population at 2010 is 4,488
- Has tourist related employment as the primary source of economic well being based on DOC analysis
- Received resort community designation on March 20, 2009 and was reaffirmed by DOC on May 21, 2015

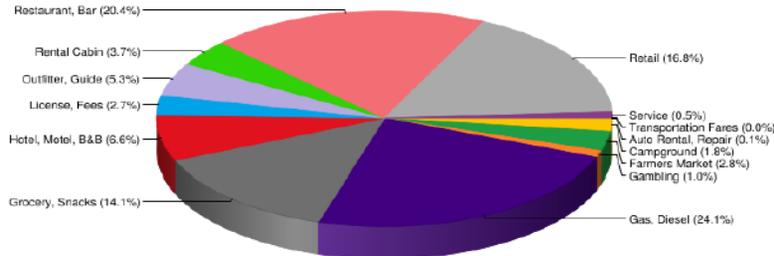


## History of Resort Tax in Polson

- A resort tax measure was presented to the City of Polson electorate on November 3, 2009, following several meetings and a public hearing. The measure was presented as a 3% tax for a ten year term, payable by non-exempt persons for use by the City for funding any activity, undertaking or administrative service that the municipality is authorized by law to perform.
- The measure was defeated by a vote of 186 For and 956 Against
- The City paid for a Resort Tax Community Assessment that was completed in June, 2014 that reviewed the cities and districts that currently have a resort tax and their issues faced in getting the tax approved and the implementation challenges and successes since approval. This study is available on the City's website at: <http://www.cityofpolson.com/pdf/MRTA.pdf>
- The EDC reviewed the study and began formulating a renewed presentation on the resort tax in May, 2015 as a source of funding for street reconstruction.
- The first town hall meeting was held on August 19, 2015

# Travelers Expenditures – Lake Co.

2014 Nonresident Expenditures % for Lake County: \$32,567,000



### Top 5:

1. Gas	\$7,863,000	24.1%
2. Restaurant/Bar	\$6,640,000	20.4%
3. Retail	\$5,474,000	16.8%
4. Groceries & Snacks	\$4,591,000	14.1%
5. Hotel, Motel, B&B	\$2,164,000	6.6%

This slide  
courtesy of  
Glacier  
Country  
Montana

## The EDC's suggested luxury items

### Attractions:

- Arcades
- Bowling
- Concerts
- Golf
- Movies and Live Theater
- Rodeos
- Gate admissions and concessions

### Rentals:

- Autos, trucks, trailers, RVs, etc.
- Conference, convention or event rooms
- Pavilions and park shelters
- Marina boat slips
- Party and tent rentals
- Golf, ski and sports equipment
- Motorcycles, bicycles, ATVs, etc.
- Movie videos and games
- Boats, jet skis, etc.

### Services:

- Guides and outfitters:  
Hunting, fishing, rafting, horseback rides, etc.
- Wedding and event planners
- Catering services

### Retail Sales of the following:

- Batteries and film
- Cameras and supplies
- Books, including used books
- Candles
- Clothing
- Curios, decorative boxes and vases
- Cut flowers and floral arrangements
- Artificial flowers, trees and plants
- Finished craft items, including items sold at craft fairs
- Fireworks
- Gifts, gift tags, gift boxes and wrapping paper
- Jewelry and artwork
- Magazines and greeting cards
- Makeup and supplies, tanning lotions
- Motorcycles, boats, jet skis, etc.
- Perfume, cologne
- Pictures and picture frames, posters, etc
- Records, tapes, CDs, videos, DVDs
- Secondhand items, antiques, pawn shop items
- Souvenirs, imprinted and gift items
- Sporting goods including used and consignment
- Tobacco, tobacco products, e-cigarettes and delivery systems
- Toys
- Food delivery charges, but not tips
- Chips, nuts and seeds, granola bars, jerky
- Foodstuffs intended for immediate human consumption
- Soda pop, gum and candy
- Vending machine items
- Alcoholic beverages sold by the drink or at retail

City of Polson EDC list as of 08/05/2015



## Options for the Tax

- Flexible Rate: 0% to 3% - EDC suggesting **3%**
- Year-round or Seasonal? – EDC suggesting **April 1<sup>st</sup> thru September 30<sup>th</sup>** collection dates each year
- Sunset provision: Standard term is 20 years – EDC suggesting **20 years**
- One **Special Revenue Fund** of the City for all collections and disbursements of the tax (revenue would not be placed in the General Fund)
- City of Polson would collect and disburse all funds
- EDC would advise City Commission on spending funds



## What about Tribal Exemptions?

- Tribal enterprises on the reservation are not required to collect state or local taxes such as a bed tax or resort tax.
- Enrolled tribal members of the Confederated Salish and Kootenai tribes are not required to pay state and local employment taxes, excise taxes or property taxes (for property in trust or owned by the CSKT) while living and working on the Flathead Indian Reservation.
- Enrolled tribal members do pay the state gasoline tax but the State of Montana has an agreement to share the gasoline tax with the CSKT government.
- Enrolled tribal members would be required to show identification to be exempt from the resort tax similar to requirements in the state of Washington for Montana residents requesting exemption from Washington sales tax
- Merchants would retain signed documentation for the exempt sale
- It would **not** be the merchant's responsibility to identify tribal members exempt from the tax – this is the tribal member's responsibility.



## Some Resort Tax Pros and Cons

### PROS

- Improve Polson's appearance with beautiful streets and sidewalks
- Capture tourist dollars that are going untapped
- Provide funds to promote Polson as a destination spot
- Provide property tax relief
- Could receive bed tax money if CVB started

### CONS

- Merchant Concerns:
  - Business may decrease
  - Sale issues if not using POS system
  - Bookkeeping issues
  - Similar business outside city won't collect tax
  - Tribal exemption
  - Audit concerns
- Public Concerns:
  - Local citizens may pay majority of the tax
  - Tribal exemption
  - It's a tax



## What are the steps to implementation of a resort tax?

- ✓ Be designated as a resort tax community
- ✓ Population under 5,500 as of last federal census
- ✓ Hold Public Meetings to inform public about the resort tax
  - ✓ EDC meetings with guest speakers
  - ✓ First town hall meeting held August 19, 2015 at the Middle School lunchroom
  - ✓ Presentations to business and civic organizations ongoing
- ○ Submit recommendation to the City Commission to place the resort tax measure on the ballot
  - Presentation by EDC to the City Commission
- Submit measure to the voters at a regularly scheduled election or a special election
  - EDC would recommend a general election ballot measure on November 8, 2016 (ballot measure would be submitted by August 15, 2016)
  - Continue information meetings, advertisement, brochures, etc. to educate
- If the resort tax is passed:
  - City Commission would pass a Resort Tax Ordinance to establish the law
  - City would work with vendors to establish collection methods
  - Collection would begin in April, 2017



## Economic Development Council Proposal to City Commission

Place two referendum ballot measures on the November 8, 2016 general election ballot:

- The first ballot measure would ask the question of implementing a resort tax in the city limits of Polson:
  - City Commission would pass a Resolution placing the measure on the ballot (must be submitted to the Election Office by August 15, 2016 for the general election)
  - City Commission would pass a Resolution of Intent indicating the establishments and luxury items that would be taxed
  - City Commission would hold public information meetings, advertise and have brochures and other information available to educate the public
- The second ballot measure would ask the question of exceeding the City's statutory mill levy limit to fund the cost of reconstruction and preservation of the City's streets
  - City Commission would pass a Resolution placing the measure on the ballot (must be submitted to the Election Office by August 15, 2016 for the general election)
  - City Commission would hold public information meetings, advertise and have brochures and other information available to educate the public



## Comparison of Resort Tax and Street Levy Ballot Measures

### RESORT TAX

- Referendum ballot measure
- Primarily for street reconstruction and preservation
- Tax is on purchase of goods and services
- Collected by vendors
- Tax paid by tourists and local citizens
- Provides property tax relief
- Can fund promotion of Polson

### STREET LEVY

- Referendum ballot measure
- Only for street reconstruction and preservation
- Tax is on real estate property in Polson
- Collected by County on property tax bill
- Tax paid only by property owners
- No property tax relief

Mayor Knutson thanked the Economic Development Council for all of their hard work. There were many meetings and a lot of personal time put into this subject. The presentation was very reflective and the City Commission conveyed sincere thanks for all the hard work. Mayor Knutson clarified the recommendation from the EDC: to place 2 referendums on the ballot in November 2016. Commission discussion: Commissioner Coutts asked if any of the other 9 cities/towns that have resort tax are located on an Indian Reservation. The EDC replied no. Commissioner Coutts then asked of the 32 million in tourist revenue in Lake County how much was spent in Polson. The EDC replied that the State only breaks down the figure by County. Commissioner Turner asked about the population if it goes above the 5500 allowed for a city to be designated a Resort Town would Polson lose that status. EDC answered no. Once the Resort Tax is implemented, there would be a 20 year time frame and then it would go back to the voters to decide to leave in place or remove. Mayor Knutson asked about the property tax relief. City Finance Officer Dooley replied that in the beginning there wouldn't be a substantial amount but over time the amount of relief would increase. Commissioner Donovan inquired about the grant possibilities that the businesses would be eligible for. EDC answered that it would be up to the individual businesses to apply for the grants. Public Comment: Bob Ricketts-commented that he is opposed to the Resort Tax. People will drive to Kalispell to keep from paying the 3% tax and it will cause businesses to close. Lou Anne Hoskinson-President Farmers Market- commented that she is opposed. Denny Wilson-Antique Emporium commented that he is opposed to the tax. It will be double taxation and create new problems. Bill Barron-commented that he was speaking on behalf of First Resort. The luxury taxes do not make sense. In 2 years this will be a ghost town if the resort tax passes. Melissa Michel commented that asking for Tribal I.D. is asking for the individual's federal bank account number. This is a security issue. Jackie Cribbe-Jackie M's commented that she is opposed to the resort tax. She has had customers comment that they will stop shopping at her store if the tax passes. Linda Ronnell-inquired about raising the 500,000 to repair streets. Mayor Knutson explained that a mil levy would be another alternative to the resort tax. Mark Evertz-commented that he is opposed to the resort tax. Seniors living on fixed income will not be able to shop in Polson.

**ANDERSON BROADCASTING REQUEST DECIBEL WAIVER, CLOSURE OF KOOTENAI LOOP FOR JULY 3<sup>RD</sup> CONCERT IN SACAJAWEA PARK (01:22:45)**-Steve Pickel, Anderson Broadcasting presented this agenda item. There will be a fund raising concert for the Boys & Girls Club and the Mission Valley Christian Academy on Sunday, July 3, 2016 at Sacajawea Park and the applicant is requesting a decibel waiver, closure of Kootenai Loop for the concert. Mayor Knutson asked what time the concert would be held. Mr. Pickel answered that the concert would be from 6:00 p.m. – 10:30 p.m. There will also be a fireworks display after the concert. The fireworks will be discharged from a barge. Kootenai Loop would be closed during the concert for public safety. Mayor Knutson suggested closing Kootenai Loop from that morning so that boaters would not get trapped after the road was closed. Mayor Knutson made the suggested motion: **Approve decibel waiver from 6:00 p.m. – 11:00 p.m., Kootenai Loop will be closed from 6:00 a.m. to 11:00 p.m. July 3<sup>rd</sup>. Commissioner Turner so moved. Commissioner Donovan second.** Commission discussion-Commissioner Erickson commented about the sound level. The loud decibels are not a good thing. Mr. Pickel replied that the stage would be pointed toward the City. Anderson Broadcasting is looking into doing a simulcast so the music shouldn't be so loud. Public comment: none **VOTE: Unanimous Motion carried**

**APPROVE EMERGENCY ENCROACHMENT ORDINANCE NUMBER 2016-TBD (01:32:29)**- This agenda item was presented by City Manager Mark Shrives. This is actually a piece of Chapter 9 of the Recodification Ordinances. This subject matter goes back two years when there was a discussion about an Encroachment Ordinance and the need to put some parameters in place regarding businesses that use City property for their tables and chairs. It also covers other items but the table and chairs were discussed at that time. This ordinance has put a permit process in place and a fee. The City will coordinate with the business that want to put tables and chairs out. There is one correction: page 8, Section 9.05.100 under Fees, line 2, there should be a "p" in front of the word aid. Insurance will be a requirement. **Commissioner Coutts motion to approve the Emergency Ordinance and Ordinance to Adopt Article 5, Downtown Sidewalk Encroachment Permit Program. Ordinance Number 2016-TBD as a part of the City of Polson Book of Ordinances. Commissioner Southerland second.**

Commission discussion: Mayor Knutson commented on one of her concerns was that the administrated fee was acceptable but the per table fee of \$25.00 is not necessary to add that fee. The main thing is the insurance. Commissioners Siler and Southerland agreed. Commissioner Turner asked the reason for the \$25.00. City Manager Shrives commented that other cities have the per table fee. It is public space and we would be giving away public space. You would be providing additional space for a merchant to expand their space. Mayor Knutson commented that the administrative fee was necessary but the additional fee was not. City Manager Shrives commented that the Commission should make a motion to amend the motion that is currently on the table. **Commissioner Coutts amended his motion to approve the Ordinance and remove the \$25.00 per table fee as described in section 9.05.100 under Fees. Commissioner Southerland second.** Additional Commission discussion: Commissioner Coutts commented that it was a good idea to remove the per table fee. Commissioner Southerland commented that one of the restaurant businesses had commented that having the business license was going to put a hardship on the business. Commissioner Erickson asked if there was a restriction on the number of tables permitted. City Manager Shrives replied that there is a formula within the Ordinance. Public Comment: Lee Manicke, Ward II-commented that there was clarity needed on page 5 section 9.05.050, up above definition for Encroachment. It talks about non-substantial encroachment. Is there a difference? There is no definition for a substantial encroachment. It is confusing. It goes on in Paragraph 4 if reads if it is on a non-substantial encroachment occurring upon a state-designated primary or urban route. What are those? Highway 93 and Main Street or 1<sup>st</sup> Street West? Anyone on Main Street would have to name the State of Montana in the liability insurance. On page 7, Paragraph C-Liability insurance required in section 9.05.080.A.2.c-there is no such paragraph. There is liability required on page 5, 9.05.05 a million for each claim and 2 million for each occurrence. That is where you want to refer to. Is 2 million in liability insurance what the City wants for each business to have? Last page, under Paragraph A In addition to suspension or revocation under section 9.05.150, that section is reserved in the next section so that paragraph doesn't exist. You may want to go back to 110, that's where it discusses the revocation of the permit. Bonnie Manicke-Polson thanked the Mayor and the Commission for removing the \$25.00 per table fee. It adds a lot to Polson to have the outdoor seating. Bonnie requested that the other fee be removed as well. It is hard for Main Street to be in business as it is. The outside tables draw some attention to tourists walking by. Elsa Duford- Ward III- commented she was puzzled why the need for an emergency ordinance. In the past, the ordinance was strict to prohibit alcohol in Parks and displayed. That was the term used. Considering the background on a different ordinance are there definite people signed up to have alcohol on the streets? Certain restaurants? Mayor Knutson commented that there are people interested in it. Elsa commented how would this effect businesses downtown that have a liquor license? It is a contradiction. Mayor Knutson then turned the discussion back to the Commission for final discussion. Mayor Knutson commented that Mr. Manicke brought up some good comments and corrections. Those need to be implemented. There should also be conversation on the flower pots needing the two million dollar per occurrence on a claim. Does that make sense to have that on there? Commissioner Turner commented that it would be up to each individual business policy. It looks nice but if somebody gets hurt somebody has to pay. Commissioner Erickson commented that it is up to each business to verify with their insurance that those are covered. Mayor Knutson commented that if a business has items out in the City sidewalk, they are needing to have a permit for it. The City will be responsible for getting the Insurance Liability Certificate or the Encroachment Permit will not be given. Commissioner Siler commented that sandwich boards are an encroachment too. City Manager Shrives commented that sandwich boards will be addressed under the Sign Ordinance. Mayor Knutson commented that she was concerned about working with the businesses regarding the enforcement of this ordinance. Mayor Knutson requested a grace period and City Manager Shrives commented that a grace period of 30 – 45 days. Commissioner Turner requested a breakdown of the \$50.00 fee being charged. City Manager Shrives explained the process: there will be an inspection, additional enforcement, and normal processing fee. Mayor Knutson commented to leave the fee at \$50.00 after a discussion to either charge the business or a general tax payer fund. Commissioner Turner agreed. **Commissioner Coutts amended his amended motion to remove any reference to non-substantial and correct reference on page 7 to 9.05.080, to 0.05.050, paragraph 4 and correct page 9 Paragraph A from 150 to 110.**

**Commissioner Southerland second. Mayor Knutson clarified the motion to be: Removal of table fee, Removal of non-substantial-reference page 7 & 9. VOTE Unanimous Motion carried.**

**APPROVE STUTZMAN'S FURNITURE PUBLIC RIGHT-OF-WAY ENCROACHMENT REVOCABLE PERMIT (02:05:36)**-City Manager Shrives comments that since the Emergency Ordinance was passed, this item may be removed from the agenda. It will be dealt with administratively. **Commissioner Donovan motioned to remove Agenda Item #11. Commissioner Erickson second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

**APPROVE RESOLUTION NO. 2016-TBD A RESOLUTION APPROVING POLICY FOR REFUND OF ANNUAL GOLF COURSE USE FEES (02:06:31)**-This agenda item was presented by City Manager Mark Shrives and Golf Director Roger Wallace. This is regarding the policy of refunds of golf passes. Golf Director Roger Wallace took the matter to the Golf Board for discussion and to provide a policy that they felt met some of the issues that were brought up. The format is a little bit different because we are going to start adopting either City Commission Policies, done by Resolution and there will be internal policies that don't necessarily require City Commission action. The City is working on establishing several policies, i. e. Travel Policy. In the future you will see this format for City Commission policies. That is why this format looks a little bit different. Golf Director Roger Wallace addressed the actual policy and the process that the Golf Board went through. Roger commented that to preface comments, Mr. Cox's request was not contemplated when writing this policy. Mr. Cox's request should be dealt with by itself. The policy will apply as follows: The Golf Season Pass is defined as March 1 – October 31. This will be the baseline for applying for the roll-over. The trail pass and cart storage will not be refunded. Medical Condition – remained of the season. It takes playing 12 rounds to break even on the golf pass. For a roll-over or refund, a diagnosis much like Mr. Cox's would be required. A 1% down in case of illness or injury is a fair number. There will not be an admin fee or a charge for golf that had already been played. **Commissioner Donovan motion to approve Resolution number 2016-TBD, A resolution approving policy for refund of annual golf course user fees. Commissioner Southerland second.** Commission discussion: none Public Comment: Garth Cox-Ward III-commented that he thanked the Commission for their diligence is looking at this. Mr. Cox will not be able to play golf this season. Mr. Cox thanked the Commission for looking at this. **VOTE: Unanimous Motion carried**

**APPROVE RESOLUTION NO. 2016-TBD TO CHANGE RATES FOR USERS OF THE CITY OF POLSON MUNICIPAL SEWER SYSTEM (02:17:12)**-City Finance Officer Cindy Dooley presented this agenda item. With the new waste water treatment plant, the City knew the rates were going to be substantial for the rate payers, so there was a 3-tier increase put in place. There was a Resolution of Intent on May 16, 2016, a Public Hearing on June 6, 2016. This will be the first step increase to take effect on July 1<sup>st</sup> and would appear on the billing that goes out at the end of August. In order to keep moving forward on the SRF financing, this Resolution needs to be in place that states the rate increase is going to happen. The average increase for the 5,000 gallon user will be \$14.09 on this increase. The total utility bill will be about \$77.57. **Commissioner Southerland motion to approve Resolution No. 2016-TBD to change rates for users of the City of Polson Municipal Sewer System. Commissioner Turner second.** Commission discussion: Commissioner Southerland asked if the City had looked into possible aide for people not able to pay the increase. City Manager Shrives answered that there really isn't a plan out there for water/sewer like there is for heating. Commissioner Southerland asked Water/Sewer Superintendent Tony Porrazzo if the number of people who could not pay their increase had risen due to the increase a year ago. Mr. Porrazzo replied no, because the rates had been changed over to the owners. The payment is getting better but there is still a few people who have issues with the payment. It is watched closely. Commissioner Turner questioned the dates that the build start is 2018? City Manager Shrives replied that the bid for construction will occur in the fall of 2016, the construction will begin in the spring of 2017 with a finish in 2018. Mayor Knutson commented that this is a difficult situation to be in and the weight of that position is felt by all. Public comment: none **VOTE: Unanimous Motion carried**

**APPROVE TIME EXTENSION SID IMPROVEMENT AGREEMENT (02:25:56)**-This agenda item was presented by City Manager Mark Shrives and City Planner Kyle Roberts. There have been conversations with Mike Maddy, representing Cougar Ridge. This agreement was put in place last year when Phases 5 and 6 were put in place. This was to confirm construction of a road because the road had not been completed at that time. So a cash bond was put up. The current agreement is due to expire July 1, 2016. There are negotiations going on with potential developers so Cougar Ridge is requesting a time extension of this Subdivision Improvement Agreement. There is a letter of assurance of security from Glacier Bank. All of the conditions for the extension have been met to sign another Subdivision Improvement Agreement which would extend the current one for one more year. The funding would still be in place if the road is not completed. The City would rather have the developer build the road so this extension would work pretty well. The bank has agreed with this as well. **Commissioner Donovan motioned to approve the attached Subdivision Improvement Agreement with the condition that the Bank provide an Assurance of Security for an additional year prior to June 23, 2016. Commissioner Erickson second.** Commission discussion: none Public comment: none  
**VOTE: Unanimous Motion carried**

**STRATEGIC PLAN DISCUSSION (02:29:30)**-City Manager Shrives presented this agenda item. There will not be a vote on this item tonight. This is Strategic Plan that the City Staff has compiled. City Planner Kyle Roberts compiled the information from the department heads. These are the themes that came out of the Strategic Plan Workshop that was held in February of this year. Hopefully this will be brought back at the next Commission meeting for approval. This document will help in preparing the City budget in the coming year. Mayor Knutson clarified that this document is direction only. City Manager Shrives explained that the approval will be for strategy. Commissioner Erickson thanked City Manager Shrives and Commissioner Erickson commented it will be a good discussion tool. Mayor Knutson commented that this will also help in planning for long-term goals as well. Commissioner Siler commented on the renovation to City Hall office, it looks pretty good. We are using our own City staff to do the construction. City Manager Shrives commented that the renovation goal was to make the front offices more professional looking. There was no public comment.

**(02:36:03)** Mayor Knutson asked if the Commission wanted full minutes or action minutes. The Commission determined that action minutes would suffice.

**Adjourn. (02:36:23)** Before adjournment Mayor Knutson reminded everyone that the next meeting will be Wednesday, July 6<sup>th</sup>. **Commissioner Siler motion to adjourn. Commissioner Southerland second.** Commission discussion: none Public Comment: none **VOTE: Unanimous Motion carried.**

**ADJOURN: 8:36 p.m.**

**ATTEST:** \_\_\_\_\_

\_\_\_\_\_  
**Mayor Heather Knutson**

\_\_\_\_\_  
**Cora E. Pritt, City Clerk**