CITY OF POLSON
COMMISSION MEETING

Commission Chambers October 19, 2015 7:00 p.m.

ATTENDANCE: Mayor Heather Knutson, Commissioners Campbell, Turner, Siler, City Manager Mark Shrives, City Clerk Cora Pritt

ABSENT: Commissioners Donovan, Erickson, Southerland

OTHERS PRESENT (who voluntarily signed in): Elsa Duford, Lita Fonda, Shauna Johnson, Mike Lies, Bonnie Manicke, Lee Manicke, Irene Marchello, Lou Marchello, Tony Porrazzo, Matt Seeley and Tana Seeley.

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) – Prior to approval of the Proposed Agenda, Mayor Knutson removed Agenda Item No. 8 due to further details that need to be taken care of. C**ommissioner Siler motion to approve the proposed agenda. Commissioner Campbell second.** City Commission discussion: none Public comment: none The Mayor also explained that the Executive Session that was originally scheduled for this meeting had in fact been moved to Monday, October 26 at 6:30 p.m. **VOTE: Unanimous Motion carried**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA (02:24)-none

CONSENT AGENDA (02:47)-(a). October 1-14, 2015 claims, (b). City Commission Meeting Minutes October 5, 2015, (c) Wal-Mart Final Plat Approval, (d). Approve WRDA Letters to Senator Tester, Senator Daines, and Congressman Zinke. Before the vote, City Planner Kyle Roberts gave an update to the Wal-Mart Final Plat Approval: Condition #14 has not been met. This is the No Parking signs that will need to be put up. The Final Plat can be approved, but the plat will not be signed until the signs are put up. **Commissioner Campbell motion to approve the consent agenda. Commissioner Turner second.** City Commission discussion: none Public Comment: none **VOTE: Unanimous Motion carried**

CITY MANAGER COMMENTS (04:33): City Manager Shrives commented that the City had been awarded the TSEP Grant for the Preliminary Report Water System in the amount of $15,000.00 City Manager Shrives read Dennis DeVries resignation letter from the City County Planning Board. Since Mr. DeVries had been hired as the City Judge, he voluntarily resigned his position. **Commissioner Campbell motion to accept Dennis DeVries resignation from the City County Planning Board and to proceed with the advertisement for a new member. Commissioner Turner second.** City Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

APPROVE SECOND READING OF ORDINANCE NO 2015-010 TO ADOPT CHAPATER 14. ARTICLES 1-6 FIRE PREVENTION AND PROTECTION TO THE CITY OF POLSON BOOK OR ORDINANCES (08:22)-City Manager Shrives presented this agenda item. The Commission was given a red-line version with corrections. **Commissioner Siler motion to approve the 2nd reading of the Ordinance Number 2015-010 to adopt Chapter 14, Fire Prevention and Protection Articles 1. In General, Article 2. Fire Code, Article 3. Offenses Concerning Firefighting Operations, Article 4. Open Burning, Article 5. Fireworks, Article 6. Reserved to the City of Polson Book of Ordinances. Commissioner Campbell second.** City Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

APPROVE RESOLUTION 2015-024 EXTRA MILE DAY 2015 PROCLAMATION (12:12)-Mayor Knutson presented this agenda item. The City of Polson has participated in this proclamation for several years. This year Mayor Knutson recognized Matt Seeley for his enthusiasm, spirit of community, and all the time he volunteers in making Polson a better community in which to live. For going the extra mile. Mayor Knutson also thanked Tana Seeley, Matt's wife for her role in assisting Matt in his many endeavors for the community. **Commissioner Campbell motion to approve Resolution 2015-TBD to proclaim November 1, 2015 as Extra Mile Day and highlight Matt Seeley for being a great example of these efforts within our community. Commissioner Siler second.** Commission discussion: none Public comment: **Ken Avison** requested that the motion be stated again. **VOTE: Unanimous Motion carried**

APPROVE THE POLSON REDEVELOPMENT AGENCY (PRA) 2014-2015 ANNUAL REPORT (19:18)-PRA President Ken Avison and City Finance Officer Cindy Dooley presented this agenda item. Ken Avison, "I would just like to mention Lou Marchello his presence here tonight. Lou is on our PRA Board and I just want to thank him for coming. Several reasons, my report is going to be pretty darn brief tonight. I know you will appreciate that. One of the reasons is, and I know you studied it carefully, is that I believe in your packets you were all sent the report. So just a quick test. I would like to thank Cindy Dooley for putting together the report. It's very, very comprehensive and I think explains our activities and our finances in a very, very fine manner so thank you Cindy. This past year the Polson Redevelopment Agency essentially has had no projects to bring you up to date on. A couple of I think fairly important issues at this point the Polson Redevelopment Agency no longer has an office or office staff and I'm trying to think Mark, the issue that took care of that now we're ah…." City Manager Shrives, "The ordinance that we passed took care of the auditor's concerns and then tonight we also have the correction to the Envision Polson document that created the separate agency." Ken Avison, "I guess I should clarify, we never had an office or office staff. Now we have (inaudible). Thanks Mark. So that's an issue. There has been a question about the audit necessity based on our committee and now that audit necessity has been taken care of. The audit will be done in conjunction with the City of Polson's audit. I'll just mention that the length of our TIF District (Tax Increment Financing District), our financing district is through 2025. So we have some time to go. Cindy will point out that we have some money but perhaps not for long. In terms of our concerns that's all you have to deal with. The tax situation in Lake County and all the way on down so we're not planning much other than when we get the proper information for the paving to you, and if it's approved we'd like to do that on Salish Point. Beyond that we have no plans. Again trying to be very conservative. I guess that's sort of a segway into Cindy is going to walk the Commissioners through the financial information and at this point I will call on Cindy. Unless there's questions of me." Commissioner Siler, "I'd like to say that I appreciate your map. Now we know what you've covered." Ken Avison, "Thank you. Now you know what the TIF District is. Yeah, it's a very comprehensive report. So, Cindy if I can call on you. Once again thank you for your diligence in preparing this report." Mayor Knutson, "Thank you Ken." City Finance Officer Cindy Dooley, "In your packet you have the Annual Report. I will just kind of remind everyone again that the Polson Redevelopment Agency was created as part of the Urban Renewal Plan. And so Urban Renewal area is an area that's considered blighted. One of the ways to improve a blighted district is through tax increment financing, which is what the City of Polson did. And so basically a TIF is taking a base value, which for our district is 2002 as the growth in the taxes value. That growth gets segregated out and sent to a separate fund. And then the TIF District uses that money to improve the district. And so projects that the City does, or if there somehow we partner with private, then basically that is supposed to then go back and help to increase the value in that district. And so it kind of feeds on itself. Most districts last 15 years. Our district is now extended out to 2025 because we have debt. We took out tax increment bonds a couple of years ago and so we're currently paying on those. So basically I just tried to include some documentation in the first part of the report. The requirement that there is an annual report. And then just a history of the Polson Redevelopment Agency. And as we just talked about, I added a paragraph here this year that talks about the FY2014 audit. We had to make a change based on wording that's in the Consider the Possibilities document, and you will see that later as an agenda item this evening. So the

PRA has contributed to the Streetscape project. They financed the Sacajawea retaining wall upgrade and walk path. And they have also contributed to the walk path under the bridge and the City dock construction. So those are the projects and then as Ken mentioned the other project they are looking at right now is the paving of the Salish Point. So the next couple of documents are not totally easy to read, but Resolution #739 set up the Urban Renewal Area and then Ordinance #591 actually established the Urban Renewal Plan and got the Consider the Possibilities document adopted and that started the Polson Redevelopment Agency. Now for the first eight years the TIF District didn't receive any money because of some errors in how the TIF or the increment was being calculated. So in, I think it was what did I put? 2008 or 2009, the City received one lump sum payment of $90,000.00 for all of the back years and then ever since then we have been receiving an increment every year. And then you will notice we did include the map area that has the Tax Increment District. So it mainly extends down Main Street, and then back up towards Riverside Park, the Salish Point area, then it kind of excludes a few areas like the school district and then it picks up some of the residential area. And then the Ordinance 2015-009, as Mark mentioned before, that is the one now that clarified that the PRA is an agency just like any of our other boards. They are not a separate corporate body themselves. So we defined that. So the next part just is a narrative of all of the assets and liabilities that the PRA has. So I will just kind of go thru these. The total cash assets at the end of the year for FY2015, that would be June 30, 2015, there was $409, 688.00. There were taxes due from Lake County of $12, 659.00. Then for liabilities, things that the TIF District owes, there was accounts payable of $541.00, for mailing costs. There was interest payables so as the debt is paid we accrue interest every month to help pay on the debt. So that was $7,963.00. We owe, we did owe Lake County $27,877.00 for the negative increment and I think we've talked about this off and on that the personal property, although law changes in effect, the personal property. The cost, the value of the personal property that dropped below the base value. And so, at this point the door swings both ways. So that means that the TIF District is now giving money back to all the other districts that contribute. So we have to give money back to the County, the school district, and the City because of the negative increment. They do get money back from the State to help compensate for that but as you can see its $27, 877 and the money they get back from the State is about $13,000.00 so it doesn't quite make up the difference. Then the deferred tax revenue, this is just an accounting off-set. It off-sets the tax receivables and then as the money comes in this account gets reduced. So for long-term liabilities the principal portion of the long-term debt for the next fiscal year is $58,902.00 and the principle portion of the debt remaining is $655,956.00. So that debt was five separate tax increment bonds issued on August 15, 2013 in a total of $800,000.00. They're at 2.987% and we pay semi-annually. The remaining term on those is ten years." Commissioner Campbell, "Cindy before you move on, that TIF fund due to Lake County is that a one-time deal because of this reassessment?" Cindy Dooley, "No. It's kind of an on-going. Every year that personal property, the value is dropping lower and lower below the base and so it's going to keep increasing. I mean it certainly isn't going to increase enough to off-set the real estate. The incremental always over-all still be a positive number. But it will keep increasing every year." Commissioner Campbell, "But I guess our big concern will be the debt for the next ten years." Cindy Dooley, "No. We should be fine with the debt. There is a caveat in the law too if that were to happen. We can adjust the base value so that we always have enough increment to make the debt payment." Mayor Knutson, "That's what I was going to ask. So we're not looking at doing that yet is what you're saying?" Cindy Dooley, "What's that?" Mayor Knutson, "You're not looking at doing that at this time?" Cindy Dooley, "Oh no. We don't need to do that right now." Mayor Knutson, "Okay." Commissioner Turner, "So what about the payback to the school and then you said the City? Is that in?" Cindy Dooley, "School and City and the County." Commissioner Turner, "Is that also yearly?" Cindy Dooley, "I'm sorry." Commissioner Turner, "Is that payment also yearly or two years or where does that come?" Cindy Dooley, "Well, it's kind of what happens is Lake County just kind of holds that money. And then as the increment, the positive increment comes in, they just kind of off-set it. So we don't actually write Lake County a check. They just kind of, and then all of a sudden it goes positive again in November and we're back good. So that's kind of how that works. And then this was the incoming expenses for 2015. So you'll notice I'm going to just point out a couple of things on this. The fund income for last year was $196,015.00. That was the tax increment revenue. You'll notice that we budgeted only $75,000.00 for this FY2016 year. The reason these two are so different is if you look on

the next page I attached the Certified Value for 2014 and the Certified Value for 2015. Under number six there the TIF District, you can see the Incremental Value in 2014 was $319,631.00 and for this year it's $127,361.00. Big difference. Big difference. And that's as a result of the reappraisal. So it's still positive. The numbers still positive so there'll still be increment. I just wanted to point that out. Then I did a complete, like a project cash flow analysis on the Fund 4530 which is the Walking Path and the City Dock Construction. That project started in FY2013. So zero is the starting cash balance. We received $800,000.00 in Revenue Bonds. Transfers from the TIF District fund was $63,450.00 and then there was interest earnings of $1,402.00. So it had total cash available of $864,852.00. Then we paid out to Mc Crumb during this fiscal year $811,011.00. The engineering $28,552.00. Bond Counsel $13,164.00 and the miscellaneous, which is Mission Valley Power, $75.00. So the total outlay was $852,802.00, which left a cash balance as of June 30th of $12, 050.00. We just made the final payment to Mc Crumb for $9,289.00 and Shari, she hasn't submitted her final bill, but we think it's about $450.00. So that's going to leave about $2, 311.00 which we will then transfer to pay on the debt service. And then the last is just the actual financial statements that the MCA requires. So these are in the form of the Balance Sheet and a Statement of Revenues and Expenses. So it just pretty much reiterates the narrative." Mayor Knutson, "Okay. Does anyone have any questions for Ken or Cindy or Lou? No. Okay. Thank you for the report. Can I get a motion to approve the report?" **Commissioner Turner motion to approve the PRA 2014-2015 Annual Report. Commissioner Siler second.** Commission discussion: none Public comment: **Lee Manicke, "** Ward II. First thing, fixing this thing. A lot better. There's no feed-back in the back of the room now. So it's a lot better. I think I'd like to add a few things that I think some of this report is a little skimpy. It has been in the past. One thing, State Statute mentions that it is very clear that the report is supposed to be in by September 30th. So we're delinquent about 18 days. This is the third year in a row that we've been delinquent in our report. It doesn't seem to be a big concern. I think we ought to follow State Statutes. Make an effort to get this done right by September 30th. I don't have page numbers but I hope you can follow along. Agenda item, first page of this, down toward the bottom there, there's a comment that says, TIF only effects the way that taxes once collected are distributed. This statement appears very often. It's been in a couple of letters you've sent out to the people in the TIF District. The most recent one was signed by the Mayor and Mr. Avison. It came out in early June asking whether or not we was interested in listening to a discussion from an outsider. This comment, once collected, again it's kind of tempting. It's not telling the whole story. The Tax Increment District, make no mistake about it, is a tax increase. This is not really stated in there. It ought to be stated over and over to let people know. In that letter there was a comment that said that tax dollars accrue from new development. Well that's partially true or is true. New development can be broken into a couple of broad categories. One is that new development that was caused or created because of the PRA or some activity of the PRA. Or another is new development that is going to happen anyway. Whether or not the PRA was in existence. In the case of Polson that's new development that creates taxable value. And the PRA has not created any development in Polson that has created new taxable value. All of the new development that has added to the increment value is going to happen irrespective of whether or not there was a PRA. And there's a couple of other things that accrue money to the PRA. One of them is incremental value. As it increases more money comes into the PRA or as this year, it decreases. It decreases so the incremental goes down. But that should also be mentioned that that is the reason for increase and where the money comes from. It also comes from an increase in mil levy. The incremental value increases, the mil levy has gone up almost 181mils. That's for this years, generated about $23,000.00, which is a good portion of what's come. That really ought to be said. Now, when we have a mil levy, a bond issue from the school, or a mil levy, a vote for the mil levy, if it passes, also is a mil levy for increasing the tax increment value. The taxes on the increment value. That's never stated to the public. That's never stated in any bond issue. We've had several bond issues of police donation, the swimming pool, the library, the sheriff's office, and they've all, none of the people ever got up and said if you vote for this you're also voting for money for the tax increment district. They're not telling the whole story. I don't know how you can have a bond issue and not tell the people the truth. I think that's a, not only the City, but the schools, the County, I think if it happens, the City ought to have the integrity to tell the voters, put it on the ballot, it's going to increase the, some of the money's not just going to where the bond issue says it's going to go towards the tax increment district. Cindy mentioned that the City

received $90,000.00 for 2009 and if you look at one of her reports there's still $2, 473.00 that's still out there from that 2009 payment. I think after six years it's probably time to go up and get that money and figure out what's going on and why we're not getting it. Bring it in here. I don't know if the County is paying any taxes on it or any interest on it. I think they ought to get it down here and figure out what's going on with that. There's some problems going on since the inception. You brought the map up and there's a tract of land that's included in the tax increment district that is in Lake County. It is not Lake County school district and it's not in the City of Polson. It's in the County. The City has been charging those people not only taxes for tax increment district, but they've been charging the City taxes on that. For a while that went away from the efforts of someone else in the City government, but now it's back again. Those people are paying taxes to the City. I don't know if they're paying taxes to the City but they are paying, they're in a separate district now, all their own, and they're paying money to the PRA. Somebody ought to go up there and get that fixed. I know you're working on these properties where you don't know whether it's been annexed or not but the people say they're not annexed. The property owner at one meeting a while ago, got up in the back of the room, during the Council meeting, and said I'm in the County. I'm not in the City. Why are you taxing me for the City? At that time Mr. Marchello sat where Mr. Campbell is and went right over his head. Went over the head of everybody at the Council. Nobody has ever done anything about that. Nobody looks at this and sees exactly what's going on. Somebody ought to do that at some time. I occasionally go to PRA meetings when they're there. Not all of them so I, last May I went down and asked for a copy of the minutes at City Hall. I was given a folder, a manila folder, loose leaf. The last minutes that were in there were October 1, 2014. I went down today and asked for them again. It was the same file and got the file. It was the same. They said well they're now transcribed to (inaudible) and tin on a disc. But Cora didn't happen to be there. Nobody else knew where they were. So I made two trips looking for the minutes to read them. To see what's going on. They're not there. I don't know if they're on a disc or not. But anyway, they weren't available last May and they weren't available today. I've attended some of the meetings and there needs to be some work there. This group doesn't accept suggestions or criticism very well. Particularly if they come from me. If they know that I've held opposition to this but I made some suggestions that helped them out quite a bit over the years. It took a long time to get some of them. At first they weren't doing these reports. It took about three years of telling them that's what the Statute says, do the report. Then they started doing the report and they started doing it as of October 1 rather than as of July1. They finally got it straight and they're finally doing a lot better job now. But they're not following the Constitution in the way they conduct the meeting. It's not an open meeting. They don't ask for public comment prior to a vote. They do ask for public comment at the end of the meeting but not prior to any vote. The minutes that they do have are non-informative. They don't say very much. I think it's a, I think some of the blame lies with Council. This one, past Councils, this City Manager, past City Managers and also the PRA. They need to be doing a better job. They're spending a lot of our money, recommending spending a lot of our money and there's very little input from the public. There's very little asking for public input in bringing (inaudible). We don't get to vote on this. They're just going to spend $125, or 26 thousand dollars on this paving a parking lot that probably doesn't need to be paved. We don't get to vote on it. We never got to vote on the tax increment district urban renewal to start with. Never came to the public to vote. So I think that you, the City Manager and the PRA people better go to the back room, back forty or wherever you do your thinking and think what's going on here. Start doing a better job with the PRA and how it's administered." Mayor Knutson, "Thank you Mr. Manicke. Always providing us some great insight and information to consider." Lee Manicke, "What'd you say Ken?" Ken Avison, "I said Thanks Lee." Lee Manicke, "You added something to that." Ken Avison, "Sit down. Lee Manicke, "You added something to that." Mayor Knutson, "I'm sorry. Excuse me." Ken Avison, "Sit down." Lee Manicke, "You said son of a bitch." Ken Avison, "No I didn't. Lee Manicke, "Yes you did." Ken Avison, "You're lying." Mayor Knutson, "Excuse me." Mayor Knutson, "Excuse me. Okay. Thank you for your comments Mr. Manicke. Do I have any additional public comment? Yes. Please. Just to make sure, state your name and address or ward if you would." **Elsa Duford, "**I guess my comments follow a little bit along what Lee said but on a different topic. At the last meeting Cindy was going over the amendments to the budget. And so I stopped at City Hall one day and asked her what this was about. She did give me a copy of the amendments. And one of my concerns looking through this was I didn't see anything on here

that was related to the Study Commission. And so when I asked her, she said well you'd have to go through the budget piece by piece looking for these numbers which was not something that was on my list of things to do. But my question is the Study Commission, when they were, the budget was prepared, they were, had a long list of proposed expenses that they anticipated. That ended up totaling $14,500.00. So looking at this budget, and it's on page 28, of this budget, and for supplies they have a figure of $500.00, for purchased services $9,940.00, education and travel dues $3,060.00 and election services $1,000.00 which totals $14,500.00. My question is based on the list they provided and then they, at the meeting I attended, they decided that they didn't need to hire a secretary and the treasurer would be Cindy Dooley who is the Financial Director. So they didn't need those two things. I don't have that list that they prepared handy and what we need to know as tax payers one of the items on there was a court reporter and I think to hire an attorney. Mayor Knutson, "I'm sorry. I just going to pause for one second if you don't mind. Hold that thought for a second. We're referring to the agenda item No. 10 that is on the PRA and approving the Annual Report. We don't have this information. It's not included in the PRA information. So I apologize but we're not on that agenda item." Elsa Duford, "Can I continue anyway? Even if it's not on the agenda?" Mayor Knutson, "We will not be able to answer you tonight. None of us are prepared at all to reflect on this and we're working on another agenda item. It actually will make it a little bit more confusing for everyone if the minutes reflect a change of subject. So if you wouldn't mind, I'm really sorry, I just want to make sure that we stay as clear as possible in our minutes." Elsa Duford, "Okay. That's fine." Mayor Knutson, "And I'm really sorry Elsa. We can certainly circle back or if you want to email me directly. I will be happy to look into that or call me directly. I'll be happy to." Elsa Duford, "Who do I talk to? Cindy?" Mayor Knutson, "Maybe you should start with Cindy. I will be happy to coordinate with Cindy if that will be okay." Elsa Duford, "Okay. I tried to call Cindy late this afternoon and it was probably too late to get a response this afternoon." Mayor Knutson, "Okay." Elsa Duford, "This is something the public does need to know. And so even if I brought it up at the wrong time…" Mayor Knutson, "I certainly understand, I apologize, and I just want to make sure that we stay as concise and on top of (inaudible) as possible." Elsa Duford, "(Inaudible) with PRA." Mayor Knutson, "Okay." Elsa Duford, "Okay. Alright. Thank you." Mayor Knutson, "Thank you. Any further public comment regarding Agenda Item No. 10 to approve the PRA 2014-15 Annual Report?" Commissioner Siler, "Ken's got his hand up." Mayor Knutson, "Ken. Yes, please comment please." **Ken Avison,** "I would just like to charge the Council to pass our report. I guess my only comment really has to do with it is just so easy to criticize. Conversations go on all over town about why people don't step up and do things. The hours that are put in by our organization, I guess I've set here and question why but that will be an on-going discussion in my head. Thank you." Mayor Knutson, "Thank you Ken. Any additional public comment on agenda item No. 10? Okay. Then with that I've got a motion from Commissioner Turner with a second from Commissioner Siler to approve. We've done Commission discussion, Public comment and we are going to vote." **VOTE: Unanimous Motion carried**

Mayor Knutson opened the Public Hearing for the Budget Amendment Fiscal Year 2014-2015- (53:09) City Finance Officer Cindy Dooley presented this agenda item. When the budget was formulated only an estimate and the City tries to stay within the budget as much as possible. Sometimes additional revenue comes in and that revenue is spent. Sometimes expenses exceed the budget. The 11 funds that required amending were listed in the Resolution. These amendments only effect the General Fund. The cash reports given included the amended amounts. **There was no public comment given during the public hearing. Mayor Knutson closed the Public Hearing.**

APPROVE RESOLUTION TO APPROPRIATE MONEY AND PROVIDE FOR THE PAYMENT OF DEBTS AND EXPENSES FOR THE CITY OF POLSON IN FISCAL YEAR 2014-2015 AS DETAILED ON EXHIBIT A OF THE RESOLUTION (58:49)-City Finance Officer Cindy Dooley presented this agenda item. There was one correction to the Resolution. The date should read October 19, 2015 not October 15th. **Commissioner Campbell motion to approve Resolution to appropriate money and provide for the payment of debts and expenses for the City of Polson in fiscal year 2014-2015 as detailed on Exhibit A of the resolution. Commissioner Turner second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

APPROVE REVISION TO CONSIDER THE POSSIBILITIES FOR POLSON! DOCUMENT WHICH CREATED THE POLSON REDEVELOPMENT AGENCY (01:00:25)-City Finance Officer Cindy Dooley presented this agenda item. Cindy Dooley, "So earlier this year when we were conducting the FY14 audit, we asked the auditor to look at our Consider the Possibilities document and how it related to the need for a bi-annual audit. And so she read over that document and in her audit findings she stated that the Polson Redevelopment Agency implementation document, which is the Consider the Possibilities document, and the actual functioning of the Polson Redevelopment Agency are not aligned. Basically we've been offering that agency as an advisory board right from the beginning. But all of our documents indicated that we would be operating it more as a separate body corporate. And so the first thing we did then was consult with the City Attorney, City Manager, myself, PRA President Ken Avison was decided to just continue operating the way they are as an advisory board and so we passed the Ordinance 2015-009, which is attached, to actually state that. So it is now clarified that they are an advisory board similar to other advisory boards. And then in addition to that we have to change the Consider the Possibilities for Polson! Document, which is our Urban Renewal (inaudible). We just have to change it to move it into alignment. So the first nine sections or first six sections of Chapter nine, so that would be sections 9.1 through 9.6 were basically rewritten. And unfortunately we don't really have a red line copy on this because we don't have a word format of this document. So we just basically kind of re-did it. I will point out a few things. The City itself is now basically the Agency. So wherever the wording of the Agency is talked about that's actually really the City Commission. And then…" Mayor Knutson, "Are you saying when it refers to the Polson Redevelopment Agency?" Cindy Dooley, "Yes." Mayor Knutson, "You're referring to the City Commission there?" Cindy Dooley, "So, you see, let's see, in 9.2 under Administration…" Mayor Knutson, "Yeah. That's where I was looking as well." Cindy Dooley, "So the City Commission and then you will see in parenthesis now it says; as Agency. So basically anywhere it talks about the Agency will do, the Agency that's actually the City Commission now." Mayor Knutson, "So PRA/City Commission is what you are referring to here." Cindy Dooley, "Kind of. Yes. The PRA is just an advisory board, but the City Commission is actually like running the TIF District." Mayor Knutson, "Okay. I'm wondering if that needs to be more clear so when you are referring to a Polson Redevelopment Agency shall be organized, do you mean that the committee would we want to refer to it as a board or.." Cindy Dooley, "This is the way Rich wrote it. And so…" Commissioner Campbell, "What you look at, the Annual Program and Budget 9.3 it starts out with Agency and tells a description of what they do but then it says it has to be approved by the City Commission." Mayor Knutson, "So we're doing both." Cindy Dooley, "So you're kind of both." Mayor Knutson, "I think we need, I think we should…" Cindy Dooley, "You are the Agency. But ultimately you are the Agency." Mayor Knutson, "Well in that case then I think we should have the Agency Board or something to that affect." Cindy Dooley, "Okay." Mayor Knutson, "Differentiates it from the City Commission. And I think we may want to indicate somewhere on this that if we're referring to the Polson Redevelopment Agency we can use the term City Commission, PRA/City Commission." Cindy Dooley, "Kind of interchange." Mayor Knutson, "Somehow interchange. It has to be reflective because it's very confusing if I didn't, if I hadn't heard you just say that. I would have never guessed that that's what that means right there. And I want to make sure that it's really clear." City Manager Shrives, "Let me suggest you table this. We'll go back to Rich and (NOTE: Inaudible. Multiple persons speaking at once.) Mayor Knutson, "I didn't pick that up when I read it so I think it would be good to look at that. Okay." Cindy Dooley, "Okay." Mayor Knutson, "Did you have any other comments before we do that?" Cindy Dooley, "Just the only other big change was that 9.4. It no longer says bi-annual audit. It just says audit. And then it just basically states that the City will audit the activities as part of its annual citywide audit. And the information is just to be included as part of the City's financial information. And it's not a separate we would call a component unit. A component unit would have to take their financial information separately from the City's. We are saying that's not the case. All the financial information will be combined with the City's other information." Commissioner Turner, "Why would we do it that way? Set up doing it on its own?" Cindy Dooley, "What's that?" Commissioner Turner, "Why would we do it with the City's instead of separating it out?" Cindy Dooley, "Because they're not a what we call a component unit. So they were a separate body corporate on their own. But you maintain some

elements of control over them. Then they could be considered a separate operating body and would have to show their financials separately from the rest of the City. So for example, like in Missoula, The Missoula Redevelopment Agency, they are a separate body corporate. And so their information is all shown separately from the City's. It's not blended together with all the rest of the City's financial information. They operate, they have a staff, they have their own building, you know all of that." Commissioner Campbell, "So when we had the Polson Redevelopment Corporation, that's separate from the City." Cindy Dooley, "That was. Yep." Mayor Knutson, "We'll still receive this report that reflects…" Cindy Dooley, "You will still see …" Mayor Knutson, "The work of the agency. Separately." Commissioner Campbell, "I think it's the wording, using the word Agency in two different ways there." Cindy Dooley, "Yeah." Commissioner Campbell, "Clear that up." Mayor Knutson, "Okay." Cindy Dooley, "Okay? So we'll ask for some more clarification on that then." Mayor Knutson, "Great. So can I get a motion to table Agenda Item number 13?" **Commissioner Turner, "I'll make a motion to table Item 13 on the agenda." Commissioner Siler, "Second."** Mayor Knutson, "I've got a motion from Commissioner Turner with a second from Commissioner Siler. Any Commission discussion? Do I have any Public comment on tabling Agenda Item number 13? Please. Yes." **Lee Manicke, "**Ward II. These are mainly suggestions. I don't know how to point out suggestions for improvement without pointing out weakness. If that is taken as criticism, so be it. Look at paragraph 9.5. The Planning Department shall file annually with the City Commission. Do we really want a Planning Department to be the one that's filing with the City Commission? Cindy Dooley, "Can I answer that?" Lee Manicke, "Yes. Please" Cindy Dooley, "Okay. Yes because it has to do a lot with the Development Code and the Growth Policy. We have to make sure all of that is kind of combined together. So the Planning Department is the over-seer." Lee Manicke, "That's your annual report Cindy." Mayor Knutson, "I read that as the Planning Department was going to be the liaison with this, with the PRA. Cindy, as our Finance Officer, will be preparing reports for us but I guess I read that as the Planning Department was going to be the liaison with this group similar to having, how we have Cindy as a liaison for another committee that we have, different liaisons. That's how I read that Mr. Manicke." Lee Manicke, "Will that go to the Planning Board? Is that what we're talking about? That department or is there something else?" Mayor Knutson, "I believe this will come directly to the City Commission for approval of the PRA's activities. That's how I read it. I might be misinterpreting this." City Manager Shrives, "Essentially I've been the liaison and as we went through this, it made sense that the Planning Department would be the liaison because of the development projects that are going on. Obviously Cindy will still be part of the financial side of it. But that's why we made that change." Mayor Knutson, "Okay." Lee Manicke, "On 9.6, the Redevelopment Plan implemented per Montana Statute 7-15-4221-2, The Urban Renewal Plan may be modified by Ordinance. So, I think you got to, if that's correct, you gotta back up and have this done by an Ordinance rather than just a motion. That goes on into paragraph 5, A plan may be modified by procedures set for in 7-15-4212 thru 7-15-4219 with the inspection of the reduction of the Urban Renewal Plan. That was a procedure that was done to create the plan. That's a public hearing, notice to everybody in writing, and a public hearing before the Planning Board and additional things. Or the plan may be modified by the procedure set for in the plan. The procedure set forth in the plan was the one I just read to you. The Redevelopment Plan may be amended according to the Montana State Statutes so there's nothing else in the plan other than the State Statutes how this should be modified. That would be by ordinance. The Annual Report, again State Statutes as I stated earlier, are specific date to be done, September 30th and not October 19th. I think you need to go back a little bit. There's a document that's titled *Montana Tax Increment Finance Mannual 2012* and it says plans may be amended and amends may include changes in administrative structure such as creation, dissolution or a separate Urban Renewal of a separate Urban Renewal Agency. What we're doing here is dissolution of a separate Urban Renewal Agency, and that's again, you gotta go back to State Statutes to do that. It's rather complicated I know but that's what the, I read the State Statutes. One more thing. In the State Statutes there's provision to remove Commissioners from the PRA board for dereliction of duty. I strongly recommend that you exercise that authority, maybe a couple of times. Mayor Knutson, "Okay." Lee Manicke, "Just to be clear, I walked past Mr. Avison and he said Thanks Lee son of a bitch. If you want to know whether you should action minutes or not, you can put it in the minutes just like that. That's the way I heard it." Mayor Knutson, "Excuse me. I am you know, I can't hear. I would please

ask you to sit down. I don't want to get into a debate on that topic. If you…" Lee Manicke, "You want me to read this little sign." Mayor Knutson, "I completely agree, I honestly, I completely agree with that sign and I support that sign. At this point Mr. Manicke I am not going to debate what he did or didn't say. I'll certainly visit with you after the meeting and we can talk about it but I don't, I didn't hear what he had to say and I'm sorry I can't add value to that at this point. But thank you, I do appreciate your point." Lee Manicke, "I said loudly what he said and at that time if you hadn't heard him, you surely heard me. You should have picked up that gavel and rapped it damn sharp on the table. And again when he said that." Mayor Knutson, "Noted. Okay. Thank you. Okay. Do I have any additional public comment? Okay I will go ahead. I've got a motion from Commissioner Turner with a second from Commissioner Siler to table Agenda Item number 13. Do I have any additional Commission discussion?" **VOTE: Unanimous Motion carried**

APPROVE SPECIAL USE PERMIT #15-07 WESTSHORE ESPRESSO (01:14:15)-City Planner Kyle Roberts presented this agenda item. This application was brought before the City County Planning Board at their October 13, 2015 meeting. This project is a mobile espresso coffee shop to be located on US Highway 93 on the west side of Polson. Vehicle traffic is accessible. The applicants will require a letter from Montana Department of Transportation (MDoT). Planning Staff recommends approval with 19 Conditions of Approval. Commissioner Campbell questioned why the two years to hook up to City water/sewer. Why not now? Commissioner Campbell further commented that this Special Use Permit is an after the fact. The coffee shop is already on site. City Manager Shrives commented that the applicant had gone thru the process of obtaining a Special Use Permit. Commissioner Campbell commented that the port-a-potty is a violation of City Ordinance. City Planner Roberts commented that he was not aware of the ordinance. Commissioner Campbell commented that the applicant needs to be hooking up to City water/sewer. It is available. Mayor Knutson suggested a temporary allowance. Commission Campbell questioned who would police it? Water/Sewer Superintendent Tony Porrazzo commented that the owner of the property has put in an application with the MDoT. City Manager Shrives suggested that the item be tabled until these questions could be answered. **Commissioner Siler motion to table Agenda Item number 14 until Monday, October 26, 2015. Commissioner Campbell second.** Commission discussion: none Public comment: **Lita Fonda** thanked Commissioner Campbell for pointing out that this was an after the fact Special Use Permit. **VOTE: Unanimous Motion carried.**

APPROVE SPECIAL USE PERMIT #15-08 101 WHITEWATER PLACE BUILDING (01:34:18)- City Planner Kyle Roberts presented this agenda item. This will be a multi-use building that will be operational Monday – Saturday, 10:a.m.-6:00 p.m. There was a key issue with the parking. The applicant will have additional parking in the adjacent parking lot. This will provide for spill-over parking. The City County Planning Board recommends approval. **Commissioner Campbell motion to approve the Special Use Permit request for a four unit, multi-use building on behalf of Nate Modderman along with the Conditions of approval as described in the staff report attached. Commissioner Siler second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

APPROVE DOWL/HKM ENGINEERING TASK ORDER #4 IN THE AMOUNT OF $2,243,000.00 (01:40:51)-City Manager Mark Shrives presented this agenda item. This will be the final task order and will go thru the completion of the project. We have received proposal on the SBR. Kevin Johnson is working through those. There are three proposals, look at those and schedule interviews. After the first of the year, Kevin Johnson will come back and update the Commission. Mayor Knutson has requested quarterly updates. Commissioner Campbell asked if the City would have to borrow funds. City Manager Shrives answered that yes, the City will have to start borrowing money. The grants have brought down the amount of potential rate increase numbers. **Commissioner Turner motion to approve the Dowl/HKM Engineering Task Order #4 in the amount of $2,243,000.00. Commissioner Siler second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried.**

(01:44:58) Mayor Knutson asked the Commission if there were any items that needed full minutes or will action minutes suffice. Commissioner Siler and Commissioner Campbell commented that Agenda

Items 10 and Commissioner Turner requested agenda item number 13 be full minutes. All else, action minutes.

Adjourn. (01:46:43) Commissioner Campbell motion to adjourn. Commissioner Turner second. Commission discussion: none Public Comment: none **VOTE: Unanimous Motion carried.**

ADJOURN: 8:47 p.m.

_____ ATTEST:_____

Heather Knutson, Mayor **Cora E. Pritt, City Clerk**