

CITY OF POLSON COUNCIL MEETING

Commission Chambers

May 19, 2014

7:00 p.m.

ATTENDANCE: Mayor Heather Knutson, City Commissioners: John Campbell, Todd Erickson, Dan Morrison, Ken Siler, Jill Southerland, Stephen Turner, City Manager Mark Shrives and City Clerk Cora Pritt.

Others present (that voluntarily signed in): Marc Carstens, Elsa Duford, Cindy Dunshee, Lita Fonda, Una Rose Graham, Margie Hendricks, Rory Horning, Patty Kent, Barb LaPiano, Rick LaPiano, Mike Lies, Don MacArthur, Johna Morrison, Andrew Speer, and Diane Speer

1. CALL TO ORDER

Mayor Knutson called the meeting to order. The pledge of allegiance was recited.

2. APPROVAL OF PROPOSED AGENDA

Commissioner Turner motioned to approve the Proposed Agenda with changes.

Commissioner Erickson seconded. Commission Discussion: Mayor Knutson moved Agenda Item No. 6 to be presented before Agenda Item No. 13. Motion was amended to reflect the change

Public Discussion:

VOTE: Unanimous Motion carried

3. APPROVE CITY COMMISSION MEETING MINUTES MAY 5, 2014-

Commissioner Southerland motioned to approve City Commission Meeting Minutes of May 5, 2014. Commissioner Campbell second. Commission Discussion: Commissioner Southerland pointed out she had a few grammatical corrections which she had given to the City Clerk. Public Comment: none.

VOTE: Unanimous Motion Carried

4. CONSENT AGENDA-May 1-14, 2014. Commissioner Campbell motioned to approve the Consent Agenda May 1-14, 2014. Commissioner Siler second. Commission Discussion: none Public Comment: None **VOTE: 1 abstain 6 Ayes Motion Carried**

5. CITY MANAGER COMMENTS-City Manager Mark Shrives was absent due to a death in the family. Karen Sargeant filled in. Karen gave the following comments:

1. The walkway under the bridge is now open to the public for pedestrian and bicycle traffic. The completion of the pathway was accomplished through street department and parks department teamwork. The asphalt was poured and rolled last Wednesday and the walkway was opened on Thursday morning with the removal of the southern gate, cones and caution tape.

2. Joan Hart, police & court clerk, received an award for all of the contributions she has made as President of the Montana Law Enforcement Information and Records Assn.

3. Front office staff and other city staff donated enough household supplies for 2 large laundry baskets to Safe Harbor for their facilities.

4. Cameron Milton, Asst. Golf Pro, received \$100 from the Rotary Club for the Junior Golf Program. Cameron took this opportunity to tell the Rotary members all about the program and thanked them for the donation.

5. The Golf Maintenance Department received one RFP for the irrigation system replacement on the Old 9 at the Polson Bay Golf Course.

6. The Incident Command System training for the Commissioners, ICS-100, was completed last Wednesday night. Although it was quick and intense, the Commissioners indicated that a lot was learned. At the time of this comment preparation, Cora Pritt, Brandon Parker and Ashley Walker all completed their final exam and received their certificates. It is my hope that the Commissioners will obtain their certificates before this Wednesday night when we complete the next training, ICS-200.

7. POLSON DEVELOPMENT CODE RE-WRITE UPDATE-Dave DeGrandpre, Lands Solutions Inc., presented this agenda item. Dave began by giving a brief history. In 2010 Dave provided a re-write, comprehensive draft, of the Polson Development Code to the Re-Write Advisory Committee. This committee is compiled of City and County employees, as well as citizens within the community who have volunteered their time. The Committee has been working with the City Manager and City Attorney in preparing the changes to the Development Code. The draft is just about ready to go to the City County Planning Board. Beginning June 24, 2014 to October 14, 2014, every two weeks there will be a work session has been scheduled with the Planning Board. At the work session, the Planning Board will be provided with a particular item, or more than one item, to review. Before and after each work session the public will have an opportunity to comment on those specific issues or any other item they choose to with regard to the Polson Development Code. Once the meetings are completed in October, Dave will then make the changes that the Planning Board has requested and the adoption process will begin. The adoption will occur November, December, and January. Commissioner Erickson asked for the location of these meetings. Dave answered that the meeting would be conducted in the City Council Chambers. Dian Speer asked what time the meetings would occur. Dave replied in the evening. The Planning Board meetings start at 6:00 p.m. A full update and agenda will be posted on the City of Polson website as well as the County's website.

8. APPROVE VG PROPERTIES IS REQUESTING A SPECIAL USE PERMIT FOR THE CONSTRUCTION OF A VALLEY GLASS STORE IN THE HZD(HIGHWAY COMMERCIAL ZONING DISTRICT)-Commissioner Turner motioned to approve Findings of Fact for Special Use Permit for VG Properties-Valley Glass and to approve Special Use Permit for VG Properties-Valley Glass with attached conditions. Commissioner Campbell second. Commission Discussion: none Public Comment: none. **VOTE: Unanimous Motion Carried**

9. APPROVE WESTERN MONTANA MEDICAL CLINIC REQUESTING A SPECIAL USE PERMIT FOR THE CONSTRUCTION OF A "LAKE HOUSE CRISIS CENTER" IN THE MRZD(MEDIUM RESIDENTIAL ZONING DISTRICT)-Commissioner Turner motioned to approve Findings of Fact for Special Use Permit for Western Montana Medical Clinic- and to approve Special Use Permit for Western Montana Medical Clinic with attached conditions. Commissioner Southerland second. Commission Discussion: Commissioner Southerland requested an explanation be given to the public as to why the Commission is voting on these matters. Mayor Knutson explained that there was a change of process voted on at the May 12th meeting. The City County Planning Board reviews the application, gives a recommendation, then the City Commission takes the recommendation and are the final approval on the process of the Special Use Permit. Commissioner

Erickson further commented that is was to satisfy State law. Public Comment: none. **VOTE: Unanimous Motion Carried**

10. APPROVE C.A.P. POLSON REQUESTING A SPECIAL USE PERMIT FOR THE CONSTRUCTION OF A WALGREENS DRUG STORE IN THE HZD(HIGHWAY COMMERCIAL ZONING DISTRICT)-Commissioner Morrison recused himself due to a conflict of interest. **Commissioner Turner motioned to approve Findings of Fact for Special Use Permit for C.A.P. Polson- Walgreens and to approve Special Use Permit for C.A.P. Polson-Walgreens with attached conditions.** Commissioner Southerland second. Commission Discussion: none Public Comment: none **VOTE: Unanimous Motion Carried**

11. APPROVE CITY ATTORNEY CONTRACT-this item was presented by Karen Sargeant. This is to approve a one year City Attorney contract from July 1, 2014 to June 30, 2015. Mayor Knutson pointed out that there are two attorney contracts, one for City Attorney and one for Assistant City Attorney. **Commissioner Southerland motioned to approve the City Managers appointment of Mr. Rich Gebhardt as City Attorney and give the City Manager Authority to execute The Independent Attorney Agreement as attached.** Commissioner Campbell second. Commission Discussion: Commissioner Siler asked if there were any termination or “golden parachutes” in the contract. Karen Sargeant answered that no, there are no “golden parachutes” written in the contract. Commissioner Campbell commented that a one-year contract is a good idea. Commissioner Campbell further commented that when this process began is was to have been a cost saving but it will cost a little more between the two. Mayor Knutson explained that for year-to-date this is better. Public Comment: none **VOTE: Unanimous Motion carried**

12. APPROVE ASSISTANT CITY ATTORNEY CONTRACT-Karen Sargeant presented this agenda item. Karen read the following letter that was submitted from Joshua Morigeau:

McKeon & Morigeau Law, PLLC.

Attorneys At Law

P.O. Box 1558

Polson, MT 59860

(406)-883-6285

Michael J. McKeon Jr.

Joshua C. Morigeau

May 18, 2014.

RE: Assistant City Attorney Position

To whom it may concern:

This letter will serve as a short biography in regard to the Polson Assistant City Attorney position.

My parents moved our family to Polson from Hot Springs shortly before I began first grade. I then grew up going to school here, graduating in 1998. Growing up, I participated in all sports and activities that Polson had to offer.

After high school, I went to the University of Montana and graduated with a Bachelor of Art in Political Science with a Minor in History in 2003. After college, I was fortunate enough to do some traveling and relax from the academic world for a while.

In 2005, I went back to school thinking I wanted to pursue a Masters degree in public administration, but realized after some time I did not have enough interest in the field. I had always had an interest in law and thought seriously about committing to law school.

In 2007, I was accepted to the University of Montana School of Law, where I began my legal studies. Throughout law school, I was fortunate enough to return to Polson during the summers to be a legal intern at Manley Law Firm. When I graduated in 2010, I took the Montana Bar Exam the same summer and passed, enabling me to practice law in Montana.

I was sworn in to the State and Federal Courts of Montana on October 18, 2010. I was hired as a full-time Associate for Manley Law Firm, where we primarily practiced complex civil litigation, as well as criminal defense and some family law. When Judge Manley took the bench as our District Judge here in Polson, I went out on my own and have been building my practice ever since.

My wife and I love Polson and the surrounding area, and have every intention of making Polson our permanent home. We are here for the long haul. I thank you for your time and consideration.

Sincerely,

Joshua C. Morigeau

Karen further explained that Mr. Morigeau will handle all criminal cases. **Commissioner Siler moved to approve the City Managers appointment of Mr. Joshua C. Morigeau as Assistant City Attorney and give the City Manager authority to execute The Independent Attorney Agreement as attached.** Commissioner Turner second. Commissioner Discussion: Commissioner Turner asked Polson Police Chief Wade Nash if he had had an opportunity to speak with Mr. Morigeau. Chief Nash answered that he had met Mr. Morigeau. Chief Nash also spoke with Judge Manley and Judge Manley spoke in high regards of Mr. Morigeau. The prosecution side will be new to Mr. Morigeau but he will be able to fill the position. Chief Nash stated that he supports Mr. Morigeau. Commissioner Erickson asked if there were any numbers that show the percentage of work that Mr. Gebhardt is doing for Civil and Criminal. Karen answered that the majority of Mr. Gebhardt's work, since January, has been criminal. There have been trials and a lot of catch up. Chief Nash commented that approximately 90% of Mr. Gebhardt's work has been criminal. With the implementation of electronic tickets, the work load has increased from the Police Department. The City is paying \$4,000.00 more than the previous attorney received and we are going to have two attorneys. Public comment: none **VOTE: Unanimous Motion carried**

13. IMPACT FEE ANNUAL REPORT-Finance Officer Cindy Dooley presented the following:
IMPACT FEES GENERATED AND EXPENDED REPORT

CITY OF POLSON

FOR FY 2007-2014 AS OF 04/30/2014

INTRODUCTION: As required by Sec 6.10 (g) of Polson Ordinance 663 dated June 18, 2012, the following report is submitted to the Polson City Commission.

ENABLING LEGISLATION: MCA 7-6-16. Definitions from this law, 7-6-1601 (Please see http://leg.mt.gov/bills/mca_toc/index.htm)

LOCAL ORDINANCE: Polson City Ordinance 624 dated 4/18/2007, repealed and replaced by Ordinance 663 dated June 18, 2012. (Please see <http://www.cityofpolson.com/pdf/ord/663.pdf>)

SUPPORTING DOCUMENTATION: Assumptions and calculations were provided to the city by TischlerBise, Fiscal, Economic & Planning Consultants, in a report to the City of Polson dated February 5, 2007.

USE OF FUNDS COLLECTED: "Impact fees shall be expended only on System Improvements needed to accommodate the demand generated by new development. Impact fees shall not be expended to eliminate any deficiencies in facilities, land or equipment related to existing development or that may result from adoption of an increased level of service. The funds collected by reason of this chapter shall be used exclusively for the purpose of undertaking System Improvements or for financing directly, or as a pledge against bonds, revenue certificates and other obligations of indebtedness, the costs of System Improvements." Polson Ordinance 663 Section 6.10(f)

ANALYSIS:

Impact Fees were enacted by Ordinance 624 and the first fees were collected in June of 2007. Impact Fees are required to be paid when water and/or sewer is connected to an individual pre-existing City lot or parcel; when a building permit is issued for any existing City lot or parcel; or for new development including any major or minor subdivision, and including such cases as will require annexation within the corporate boundaries of the City. Subdivision new development is required to pay only 50% of the total calculated fees with the remaining 50% being paid at the time of issuance of a building permit on a particular parcel or lot. For those subdivisions which were required to pay the then-existing capital improvement fees (\$100 - \$250 for fire capital improvement and \$1,000 - \$1,250 for Sewer lift station capital improvement) as part of their preliminary plat approval prior to the enactment of the impact fee ordinance on April 18, 2007, the parcel or lot has a credit that is to be netted against the full impact fee calculation when a building permit is obtained.

On June 18, 2012, Ordinance 663 was passed which effectively repealed Ordinance 624 and changed the impact fee language to update it to current conditions regarding impact fee administration and collection. One of the provisions of Ordinance 663 was to allow the City Commission to change, by Resolution, the percentage of the total impact fee to be collected. See attachment A for the schedule of the maximum impact fee that can be assessed for each department. Resolution 1027 was also passed on June 18, 2012 retroactively adjusting the amount of impact fees collected since January 1, 2012 to 20% of the calculated amount. This Resolution remains in effect.

Impact Fees must be spent on a first-in, first-out basis by the calendar quarter ending 8 years after the funds were received. Funds not expended are to be refunded to the current property owner. As of 04/30/2014 the City is still within the first eight years of enactment of impact fees and does not have any refunding concern.

Attachment B provides a summary of impact fees collected since inception in FY2007 along with detailed information by fiscal year for each department receiving impact fees. A total of \$1,049,772.49 in impact fees has been collected as of April 30, 2014. Revenue lost since January 1, 2012 when the 80% reduction was enacted amounts to \$187,846.76. Impact Fee collection has been lower for both residential and non-residential development since FY2010 due in large part to the economic conditions nationally and in the area with the exception of the impact fees paid by the Wal-Mart Corporation in FY2011.

The City is now experiencing a small growth spurt in non-residential development and at the same time is facing large capital improvement costs in the water and sewer funds and potential capital improvements for fire. The City Commission needs to weigh the factors of keeping the impact fees at a low rate while trying to find funds to pay for capital improvements. Impact fees are designed to help pay for increased impact to the City's infrastructure and services it must provide.

There is also concern about finding funding for the Street department to upgrade the City's streets. In order to generate impact fees for a new department or to change the structure of the impact fee schedule, a new study would need to be done. The TischlerBise study completed in 2007 cost \$62,240 and was paid with funds from the Water and Sewer departments.

Questions regarding this report can be directed to Cindy M Dooley, CPA, Finance Director for the City of Polson at 883-8204 or finance@cityofpolson.com.

Respectfully submitted,

Cindy M Dooley, CPA

Finance Director

**IMPACT FEE SCHEDULE AS ADOPTED BY
ORDINANCE 663**

Residential	-	PARKS	WATER	SEWER	FIRE	5% ADMIN*	TOTAL
Detached Housing		\$1,020	\$3,310	\$1,531	\$971	\$342	\$7,174
All Other Housing Types		\$806	\$2,617	\$1,210	\$768	\$270	\$5,671

Non-Residential for Fire	Per sq ft of floor area		
Commercial/shop ctr 50,000 sq ft or less	\$1.69	\$0.08	\$1.77
Commercial/shop ctr 50,001-100,000 sq ft	\$1.41	\$0.07	\$1.48
Commercial/shop ctr 100,001-200,000 sq ft	\$1.20	\$0.06	\$1.26
Business Park	\$0.26	\$0.01	\$0.27

Medical/Dental Office	\$1.13	\$0.05	\$1.18
General Office 25,000 sq ft or less	\$0.57	\$0.02	\$0.59
General Office 25,001-50,000 sq ft	\$0.49	\$0.02	\$0.51
General Office 50,001-200,000 sq ft	\$0.35	\$0.01	\$0.36
Hospital	\$0.55	\$0.02	\$0.57
Mini-Warehouse	\$0.07	0	\$0.07
Warehousing	\$0.15	0	\$0.15
Manufacturing	\$0.12	0	\$0.12
Light Industrial	\$0.21	\$0.01	\$0.22

Other Non-Residential for Fire

Per unique development unit

Nursing Home (per bed)	\$74	\$3	\$77
Day Care (per student)	\$67	\$3	\$70
Secondary School (per student)	\$38	\$1	\$39
Elementary School (per student)	\$26	\$1	\$27
Lodging (per room)	\$177	\$8	\$185

Water and Sewer fees for non-residential development are based on water meter size. A building requiring a meter larger than 2" will be based on annualized average day demand and net capital cost per gallon of capacity.

Capacity	Ratio	Per Meter Size:	Water	Sewer	5% Admin*	Total
.75"	1		\$3,313	\$1,533	\$242	\$5,088
1"	1.7		\$5,633	\$2,607	\$412	\$8,652
1.5"	3.3		\$10,935	\$5,061	\$799	\$16,795
2"	5.3		\$17,563	\$8,129	\$1,284	\$26,976

*Rounded for display purposes

Attachment A

**City of Polson
 Summary of Impact Fees Generated and Expended
 FY 2007 - FY 2014 at 4/30/2014**

Prepared by Cindy M Dooley, CPA Finance Officer

Department	Impact Fees Earned	Interest Earned	Other Revenues	Total Earned	Expenditures
Fire	\$ 354,042.29	\$ 8,044.04	\$ 2,700.00	\$ 364,786.33	\$ (349,147.80)
Parks	\$ 109,880.80	\$ 5,566.40	\$ -	\$ 115,447.20	\$ (96,088.25)
Water	\$ 386,100.80	\$ 21,327.53	\$ -	\$ 407,428.33	\$ (155,462.73)
Sewer	\$ 147,971.40	\$ 7,251.76	\$ -	\$ 155,223.16	\$ (93,249.41)
Admin Fee (5%)	\$ 51,777.20	pooled with other revenues	-	\$ 51,777.20	supports G.F. expenditures
Totals	1,049,772.49	42,189.73	2,700.00	1,094,662.22	(693,948.19)

Total Revenue Lost due to 80% reduction:

\$187,846.76

New Development Detached Housing Building Permits per Fiscal Year:

FY2008	19
FY2009	6
FY2010	3
FY2011	7
FY2012 before 01/01/12	1
FY2012 after 12/31/11	1
FY2013	5
FY2014	3

New Development Attached Housing Building Permits per Fiscal Year:

FY2008	46	dwelling
FY2009	4	dwelling
FY2010	6	dwelling
FY2011	0	dwelling
FY2012 before 01/01/12	0	dwelling
FY2012 after 12/31/11	0	dwelling
FY2013	0	dwelling
FY2014	0	dwelling

Attachment B-1

City of Polson
 Fire Impact Fee Report
 Cash flow Transactions
 thru April 30, 2014
 Prepared by: Cindy M Dooley, CPA Finance Officer

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY14 Thru 04/30/2014	Totals
Beginning Cash Balance	\$ -	\$ 768.00	\$ 67,441.70	\$ 70,111.83	\$ 105,579.02	\$ 302,132.11	\$ 28,518.34	\$ 6,455.73	\$ -
Revenues In:									
Impact Fees - Residential - Detached	-	17,119.00	20,512.00	9,460.00	6,683.00	1,692.00	1,075.20	1,095.20	57,636.40
Impact Fees - Residential - Other (Includes KOA)	768.00	33,360.00	11,404.00	5,184.00	576.00	2,880.00	345.60	1,305.60	55,823.20
Impact Fees - Non-Residential	-	14,805.00	817.00	27,559.00	187,080.00	160.00	3,379.69	7,802.00	241,602.69
Interest Revenue	-	1,399.70	1,694.82	1,854.19	2,214.09	466.26	424.93	-	8,044.04
Sale of old equipment	-	-	-	-	-	2,700.00	-	-	2,700.00
Prior Year Correction	-	-	-	-	-	-	-	(1,020.00)	(1,020.00)
Total Revenues	768.00	66,673.70	34,427.82	44,057.19	196,553.09	7,898.26	5,225.47	9,182.80	364,786.33
Expenditures Out:									
Impact Fee Refunds - Residential	-	-	(7,398.60)	-	-	(2,682.83)	(1,661.98)	-	(11,543.41)
Impact Fee Refunds - Non-Residential	-	-	-	-	-	-	-	-	-
Purchase - 2006 Chevy 4 Door Truck	-	-	(24,359.09)	-	-	-	-	-	(24,359.09)
Purchase - FIT Test Equipment	-	-	-	(8,590.00)	-	-	-	-	(8,590.00)
Purchase - 97 Smeal Ladder Truck	-	-	-	-	-	(249,644.05)	273.90	-	(249,370.15)
Upgrade Fire Hall to accommodate Ladder Truck	-	-	-	-	-	(29,285.15)	-	-	(29,285.15)
Purchase - 2013 Chevy Silverado	-	-	-	-	-	-	(26,000.00)	-	(26,000.00)
Total Expenditures	-	-	(31,757.69)	(8,590.00)	-	(281,512.03)	(27,288.08)	-	(349,147.80)
Ending Cash Balance	\$ 768.00	\$ 67,441.70	\$ 70,111.83	\$ 105,579.02	\$ 302,132.11	\$ 28,518.34	\$ 6,455.73	\$ 15,638.53	\$ 15,638.53

Loss of Impact Fee Revenue due to 80% reduction

\$ 776.80 \$ 19,201.96 \$ 40,811.20 \$ 60,789.96

City of Polson
Parks Impact Fee Report
Cash flow Transactions
thru April 30, 2014
Prepared by: Cindy M Dooley, CPA Finance Officer

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY14 Thru 04/30/2014	Totals
Beginning Cash Balance	\$ -	\$ 806.00	\$ 71,936.66	\$ 29,943.08	\$ 13,811.61	\$ 15,470.60	\$ 15,921.14	\$ 16,362.15	\$ -
Revenues In:									
Impact Fees - Residential - Detached	-	18,360.00	11,220.00	5,100.00	7,650.00	2,040.00	816.00	1,020.00	46,206.00
Impact Fees - Residential - Other (includes KOA)	806.00	50,778.00	4,680.00	3,718.00	260.00	1,300.00	156.00	956.80	62,654.80
Impact Fees - Non-Residential	-	-	-	-	-	-	-	-	-
Interest Revenue	-	1,992.66	1,692.46	972.05	298.99	323.83	286.41	-	5,566.40
Prior Year Correction	-	-	-	-	-	-	-	1,020.00	1,020.00
Total Revenues	806.00	71,130.66	17,592.46	9,790.05	8,208.99	3,663.83	1,258.41	2,996.80	115,447.20
Expenditures Out:									
Impact Fee Refunds - Residential	-	-	(33,690.80)	-	-	(3,213.29)	(817.40)	-	(37,721.49)
Impact Fee Refunds - Non-Residential	-	-	(25,895.24)	(1,175.00)	-	-	-	-	(27,070.24)
Construction - Walk Path Paving & Ladders	-	-	-	(13,524.28)	-	-	-	-	(13,524.28)
Construction - Building Upgrades	-	-	-	(4,728.43)	-	-	-	-	(4,728.43)
Purchase - GIS System & Training	-	-	-	(6,493.81)	-	-	-	-	(6,493.81)
Purchase - 2000 Ford Ranger	-	-	-	-	(6,550.00)	-	-	-	(6,550.00)
Purchase - Leaf Vacuum Apparatus	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	(69,586.04)	(25,921.52)	(6,550.00)	(3,213.29)	(817.40)	-	(96,088.25)
Ending Cash Balance	\$ 806.00	\$ 71,936.66	\$ 29,943.08	\$ 13,811.61	\$ 15,470.60	\$ 15,921.14	\$ 16,362.15	\$ 19,358.95	\$ 19,358.95

Loss of Impact Fee Revenue due to 80% reduction

\$ 816.00 \$ 3,886.00 \$ 7,907.20 \$ 12,611.20

City of Polson
 Water Impact Fee Report
 Cash flow Transactions
 thru April 30, 2014
 Prepared by: Cindy M Dooley, CPA Finance Officer

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY14 Thu 04/30/2014	Totals
Beginning Cash Balance	\$ -	\$ 6,096.00	\$ 179,497.35	\$ 196,316.17	\$ 257,497.75	\$ 334,197.51	\$ 336,421.48	\$ 241,602.60	\$ -
Revenues In:									
Impact Fees - Residential - Detached	6,096.00	62,894.00	33,100.00	33,100.00	19,736.00	6,620.00	3,972.60	3,310.00	168,818.60
Impact Fees - Residential - Other (Includes KOA)	-	80,812.00	9,846.00	2,735.00	547.00	2,735.00	328.20	4,169.00	101,172.20
Impact Fees - Non-Residential	-	32,137.00	-	21,905.00	53,220.00	1,094.00	-	7,754.00	116,116.00
Interest Revenue	-	4,194.35	7,739.48	3,441.58	3,196.76	2,202.40	562.96	-	21,327.53
Total Revenues	6,096.00	180,027.35	50,685.48	61,181.58	76,689.76	12,651.40	4,863.76	15,233.00	407,428.33
Expenditures Out:									
Impact Fee Refunds - Residential	-	-	-	-	-	-	-	-	-
Impact Fee Refunds - Non-Residential	-	(6,626.00)	(18,353.34)	-	-	(10,427.43)	(6,256.04)	-	(35,036.81)
Cougar Ridge Reimbursement Agreement	-	-	-	-	-	-	-	(4,870.00)	(4,870.00)
Construction - Grandview Water Line Upgrade	-	-	(13,155.32)	-	-	-	-	-	(13,155.32)
Construction - Mission View Drive Hydrants	-	-	(2,358.00)	-	-	-	-	-	(2,358.00)
Purchases - 1/2 of 2012 Ford F650 Dump Truck	-	-	-	-	-	-	(35,451.50)	-	(35,451.50)
Construction - Baysmore Dr Line Upgrade	-	-	-	-	-	-	(57,965.10)	-	(57,965.10)
Total Expenditures	-	(6,626.00)	(33,866.66)	-	-	(10,427.43)	(99,672.64)	(4,870.00)	(155,462.73)
Ending Cash Balance	\$ 6,096.00	\$ 179,497.35	\$ 196,316.17	\$ 257,497.75	\$ 334,197.51	\$ 336,421.48	\$ 241,602.60	\$ 251,965.60	\$ 251,965.60

Loss of Impact Fee Revenue due to 80% reduction

\$ 2,646.00 \$ 17,203.20 \$ 60,932.00 \$ 80,783.20

City of Polson
 Sewer Impact Fee Report
 Cash flow Transactions
 thru April 30, 2014
 Prepared by: Cindy M Dooley, CPA Finance Officer

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY14 Thru 04/30/2014	Totals
Beginning Cash Balance	\$ -	\$ 1,210.00	\$ 62,359.04	\$ 27,830.08	\$ 52,902.03	\$ 86,683.03	\$ 90,340.56	\$ 55,258.35	\$ -
Revenues In:									
Impact Fees - Residential - Detached	-	16,870.00	9,341.00	12,248.00	7,981.00	1,812.00	881.00	1,336.00	50,471.00
Impact Fees - Residential - Other (includes KOA)	1,210.00	37,359.00	7,723.00	1,720.00	344.00	1,720.00	206.40	2,036.40	52,350.80
Impact Fees - Non-Residential	-	5,673.00	-	10,402.00	24,741.00	688.00	306.60	3,339.00	45,149.60
Interest Revenue	-	1,217.04	3,306.90	1,181.95	715.00	322.76	508.11	-	7,251.76
Total Revenues	1,210.00	61,149.04	20,370.90	25,551.95	33,781.00	4,542.76	1,902.11	6,715.40	155,223.16
Expenditures Out:									
Impact Fee Refunds - Residential	-	-	(8,494.80)	-	-	(685.23)	(1,532.62)	-	(10,912.85)
Impact Fee Refunds - Non-Residential	-	-	-	-	-	-	-	-	-
Construction - Sewer Main Golf Course	-	-	(40,805.06)	-	-	-	-	-	(40,805.06)
Purchase - Equipment	-	-	(5,600.00)	(480.00)	-	-	-	-	(6,080.00)
Purchase - 1/2 of 2012 Ford F650 Dump Truck	-	-	-	-	-	-	(35,451.50)	-	(35,451.50)
Total Expenditures	-	-	(54,899.86)	(480.00)	-	(885.23)	(36,984.32)	-	(93,249.41)
Ending Cash Balance	\$ 1,210.00	\$ 62,359.04	\$ 27,830.08	\$ 52,902.03	\$ 86,683.03	\$ 90,340.56	\$ 55,258.35	\$ 61,973.75	\$ 61,973.75

Loss of Impact Fee Revenue due to 80% reduction

\$ 1,224.80 \$ 5,576.00 \$ 26,861.60 \$ 33,662.40

Commissioner Southerland thanked Cindy for providing the history. This helps in understanding what has gone on. Commissioner Campbell asked about the building permits that have been issued so far this year. Planning Assistant Thomas Fleming answered that there have been four permits issued this year for a new single family residence. Finance Officer Cindy Dooley commented that there are applications that have been taken in. Commissioner Erickson asked if the Impact Fee reduction has made very much of a difference. Cindy answered that based on the statistical information provided the factor of the economy more than our Impact Fee Schedule.

6. APPROVE RESOLUTION NO. 1059 RESETTING IMPACT FEE COLLECTION LEVELS-

Commissioner Turner makes a motion to approve Resolution No. 1059 to reinstate the Impact Fee to 50% of the calculated amount effective July 1, 2014. To remain in effect for one (1) year and then to be reviewed again. Commissioner Campbell second. City Commission Discussion: Commissioner Southerland commented that the request from City Staff was to reinstate to 100% but the 50% is better. Karen Sargeant commented that it definitely needs to be raised. There is some concern with the residential building versus the commercial building. The Parks Department doesn't get any monies from the commercial build, so Karen recused herself from that discussion. Thomas Fleming commented that the current building inspector would like the percentage to be back to 100%. Mayor Knutson commented that she like the idea of starting the increase at a later date rather than immediately. Mayor Knutson asked Commissioner Turner about the one year to review, maybe not having that in so that the flexibility to review can occur whenever Council sees fit. If the Council wanted to review on January 1st there would be that flexibility. Commissioner Turner answered that giving potential applicants a year, at least they would know they have the time and could plan accordingly. The Mayor then asked if the date could be moved to June so that it could be one year past that. Commissioner Turner was okay with that. Karen Sargeant commented that the City Staff was looking for an indication that the Impact Fee amount would not go back down. Karen then reminded Council that the Sewer Impact Fees could also be used to off-set some of the expense in constructing the new waste water treatment facility. City of Polson Fire Chief John Fairchild commented that back in 1974 the Fire Department was told that the current location was only temporary. The department has yet to be able to fund a new building. The department is long over -due for a new building. If the Impact Fee is left at 20% or raised to 50% then it will take longer to be able to build a new station, and the department will have to go back to the public and get a bond for the monies. Commissioner Turner commented that Fire was rated second in monies received. Chief Fairchild commented that the monies spent sitting in the station or in an account. We need to start thinking about a new building. It will take a couple of years to get that. Thomas Fleming commented about the three new Special Use Permits that were approved earlier. When they come in for their building permits, the new rate will not be in place. Commissioner Turner reminded everyone that every time a new business comes, it's more than just Impact Fees that we get from them. There's an increase tax base, more jobs, you have to think community wide as well. Mayor Knutson clarified the **Motion to Approve Resolution No. 1059 to reinstate the Impact Fees to 50% of the calculated amount effective July 1, 2014 to be reviewed in May 2015.** Public Comment: **Cindy Dooley**-first of all the resolution, we did ask for it to go into effect immediately, tomorrow May 20, 2014. I would like to point that out. That we would like to see that happen. Also, I think as John said, if we're not collecting from new development we're going to have to go to our tax payers. Those that are existing and have supported all the way through. So, new development needs to pick up their share on this. At 50% I'm still not sure they're doing that. So, I would like to see it higher than that. Commissioner Erickson asked if Cindy had a recommendation. Cindy answered-"I would like to go at least back up to around 80% at this point." Commissioner Turner commented-"The issue there is the companies that are coming right now probably have already budgeted 20% or maybe they expected a little bit more. So, if we raise it to appoint to where they actually look at it and say it's not worth it, they pull out. Then is it worth it to the community, to the City? Where's the line." Cindy answered-"I think they're probably looking a quite a bit more things than just the Impact Fees for coming to Polson. They must have many other reasons for coming here and wanting to build here. This is kind of an unexpected little growth spurt that we're getting. So, I would guess that they're probably thinking about a lot of other

things besides the Impact Fees.” **Rick LaPiano**–“50% of what?” 80% of what? We’re not knowledgeable of what’s going on. So we don’t know what dollar amount you are basing that on. Could I get an explanation?” Mayor Knutson answered–“It’s different between residential and commercial. The commercial is based on square footage on there. Residential we have ...(Mayor Knutson is looking through her notes). Commissioner Campbell comments that we could refer to the Ordinance 663 which set a maximum of 100%. This is the most that we can charge for Impact Fees. What we did previously is we took that amount and reduced it to 20% of the maximum amount. What we are doing now is bringing it back up to 50%. Mr. LaPiano commented–“I understand that. I’m just wondering what dollar amount do you base that off of. When you say square footage, is that the cost per square foot?” Mayor Knutson comments–“For a detached housing it is \$7,174.00 including all of the fees, and for other types of housing it’s \$5,671.00. Is that what you needed? Mr. LaPiano–yes, thank you.”

Rory Horning–“ Commissioner Turner I applaud you. I hope that you will hold the line at 50% just because it is 50%. If you go around your valley and you see how many for sale signs there are, this is a very hurting economy. So if you care about some companies coming in, that’s fine. But until you have jobs, until you have people who can pay these fees, one thing you are doing and when you have Impact Fees on residential building, you are impacting the size of a family’s home. When you have Impact Fees on a commercial building you are impacting, you are actually putting a pass-on fee to the customer. So, I applaud you on how you are looking long term in this. Sometimes grabbing the money upfront is not as good as helping people establish themselves so that our community can be healthy. Check it out, out there right now it’s a hurting community.” **Dennis Duty**–“I understand specifically why the Sewer project would be a great idea to collect as many fees as we can. Unfortunately I understand that all factors of this have to go the same by law. So, to jump this clear up to 100% right off the bat, especially in some of these commercial that I’m working with, we say yeah their coming here. That’s just not necessarily true. They’re still working on, that’s why we still don’t have several of the building permits applications yet. They are still trying to figure out whether they can make it work here. We have a small population. It’s hard for these businesses to make it work in the wintertime as many of you know. We put 100% Impact Fee and I’ll take the hotel that we’ve been working on for six months now, you put 100% of the Sewer fee on that, and all the fees together, it’s close to \$100,000.00 and I can tell you that if we do that they will not be here. We did talk to them today and it’s, even though it’s a great big project and a lot of money involved, every little \$100,000.00 makes a difference when you are trying to make a decision on this. It’s also kind of a slap in the face that here we’re coming to your town and all of a sudden you’re going to whap us up alongside the head and I think it’s a smart move on your part to do this gradually. It shows good faith that we’re trying to make it happen. I certainly understand the need to get the funds here. I think we can do it in a way that we can gradually bring this up and ultimately get the funds necessary to off-set the depression we’ve been over the last five years. It wouldn’t have mattered, I don’t think we lost any money by having those folks that did build here, many of them built because there, not only because there were lower fees, the cost was good to get it done. But, I would say that we can’t just assume that these fees were lost funds. In my opinion not a fair analysis. So, again I applaud you for doing this gradually. Thank you”. **Dave DeGrandpre**–“You know I don’t have a particular take. I haven’t studied your Impact Fees, but I’ve worked on Impact Fees in other places in the State of Montana. One option that you have is to charge a higher level of Impact Fees for certain subjects. For example; hypothetically if the Sewer upgrade, if you think that you are really going to struggle to finance this Sewer upgrade, you could charge, for example, 100% of the allowable rate for that, while only charging 50% of the maximal allowable rate for Water improvements, or Fire improvements, or what have you. So, it doesn’t have to be across the board 100%, 80% or 20%. You could look at how you’re going to finance a particular infrastructure improvement and try to get a greater percentage from Impact Fees than from the tax payer or you can weigh it out differently.” Mayor Knutson commented that right now we need to raise it as one. Karen Sargeant commented that yes, that’s what we were told. Without doing a new study.

VOTE: Unanimous Motion carried

14. **RURAL FIRE COMMITTEE RECOMMENDATION**-Karen read the report that was included in the Agenda packets:

**Report and Recommendation of Joint Review Committee to
Polson City Commission and Polson Rural Fire Board**

14

The Joint Committee was established by both governing bodies with direction to review the recommendations that were made in the Agency Evaluation that was conducted by "Emergency Services Consulting International". After an initial meeting, the committee felt a useful place to start would be a review of the interlocal agreement between the two entities. Before that review started though, we quickly realized that agreement to have a committee in place, similar to the current committee was already called for, but has never been established.

It was felt that if the committee was established, then many of the issues that are being discussed could be dealt with through the committee. In addition it was felt that there needed to be more of a management structure established that would provide oversight to all fire department operations to include, oversight of the Chief (as well as development of a job description and implementation of annual review), volunteer selection and retention, selection of officers through objective criteria, coordination and consolidation of policies, etc.

Based on that discussion, it is the committee's recommendation that;

The Polson City Manager should be assigned to the oversight of both City Fire Operations and Rural Fire Operations. The City Manager would take Policy direction from the Joint Committee through the efforts of the Fire District Trustees and the City Commissioners. The City Manager would provide support and guidance to the Fire Chief and Fire Departments. The City Manager would take into account any special needs or concerns of the Rural Fire Board and maintain open communication with the Rural Fire District through the Rural representatives on the Joint Committee. Operating guidelines and procedures would be developed from the ground up for approval by the governing bodies through the Committee and City Manager.

The Interlocal Committee continue the initial discussion regarding efforts in recruitment and appointment of firefighters. Through the efforts of the Committee established by the Interlocal Agreement, equivalent department standards would be mutually proposed and adopted by the respective governing bodies.

In addition, the governing bodies would mutually cooperate in fire station placement and apparatus location through the Interlocal Committee as well as apparatus placement and response to best serve the community as a whole.

Commissioner Turner, who was on the committee, commented that if there were any questions, he would answer them. Karen commented that this is the Joint Review Committee's recommendation and it was passed unanimously by the Rural Fire Board during their meeting of May 14, 2014. It is the intent to show our support by the Rural Fire Board's decision to passing a similar motion and vote. The Inter Local Committee will be made up of four voting members: 2 from City Commission, 2 from the Rural Board of Trustees, and 3 non-voting members. The City Manager will have oversight but will not have a vote. The membership will serve in an advisory capacity and will not have a vote. In this regard, the membership is good with this representation. There are currently two members that are on the committee that is in place. The Fire Department, staff wise, is one department. It is the same people that show up on all calls. Commissioner Campbell asked about the additional work load being put on the City Manager. Will there be a monetary compensation. Karen answered that there was no information given to her in regards to that.

The main thing is to have one person that is a facilitator. The evaluation of the Fire Chief is done by the City Manager anyway. It would just be with more input from the Rural Board as opposed to additional duties from the Rural Board. They're not adding to his duties per say. Most of these duties he's doing anyway. Mayor Knutson commented that it was her understanding that City Manager Shrives thinks this will be a more efficient way. Karen agreed. It will streamline it more than burden him. Commissioner Siler commented that he did volunteer. Mayor Knutson thanked Commissioner Turner and Commissioner Siler for representing the Commission and contributing their time in working through this process. Commissioner Turner commented that the Rural Fire Board is open to changes. Fire Chief John Fairchild commented that this proposed group isn't going to take any control from either party. All this committee will do is bring recommendations to each side for your approval of what is affecting us in the Fire Department. Once it is approved by the Commission it will be implemented. The nice thing is to have one person to answer to and not the Commission plus the Rural Board. It just makes it a little more streamlined. Commissioner Campbell asked how a tie-vote would be dealt with. This committee is set up with an even voting number. Karen Sargeant explained it will not be that kind of a vote; it will be more of a consensus kind of thing to bring a recommendation out of it. If there is a tie, then they have to go back and talk it out more until a consensus is reached. It's not like the Council votes and the Mayor is the tie breaker. Mayor Knutson commented that from her conversation with City Manager Shrives, what is being approved is the direction to move forward. A new Inter Local Agreement will be written and identify that group. The composition of it may change slightly because of this. We're essentially approving that we do want to work together. We want this committee to be formed. As far as the nuts and bolts of what's going to be involved with that, that still needs to be defined. Commissioner Campbell commented that he has talked to several individuals and everyone he has spoken with supports this. **Commissioner Campbell motions to accept and implement the recommendations as outlined in the agreement from the Joint City/Rural Fire Committee with the additional issue that this process will be re-evaluated in one year.**

Commissioner Siler second. Commission discussion: none Public comment: **Rory Horning-** "Commissioner Campbell, I have to tell you, you have a good idea. I'm sorry about consensus. There's a reason you have seven, there's a reason the Commission has three. There's a reason that a lot of people have an odd number because when you take something as important as what you are talking about and you throw consensus in, you're going to have problems. If you are looking for definite things to vote on, you set the rules, and you should ask people to have a tie-breaker. It will solve problems because if you are doing something as important as this, going back and hashing it out again it not what it should be. If it's important it should be done right. I would say you need a tie-breaker." Commissioner Campbell commented that hopefully that will be taken care of in the re-write of the Inter Local Agreement. Mayor Knutson asked Karen Sargeant if it was correct that the Inter Local Agreement was going to be revised. Karen answered yes, it is going to be looked at. **Cindy Dooley-** "I think this was more information for you this evening. I would like to see it possibly put on the agenda later. Our auditor has some concerns. We haven't had a chance to discuss those yet with the Mark. We would like to do that before you pass this. It has to do with control issues. Could possibly force them to become a component unit of the City. We want to make sure that that doesn't happen. So, we need to discuss that with Mark and have not had that opportunity yet." Karen Sargeant stated-"It has nothing to do with finances at all. It doesn't affect finances at all Cindy. This is...we have to show our support. Cindy answered-"I understand." Karen-"for this to go forward. Nuts and bolts. Cindy-"But we just have some things that we just need to clear up and be more confident about. I thought this was just information only tonight. I didn't realize you were going to vote." **Police Chief Wade Nash-** "I know I'm not in charge of the Fire Department or anything but I know that one of the main reasons I have talked to Mark about this, I've been involved in this a little behind the scenes, is a management area. There has to be a way to manage both sides of a Fire Department without having John on one side as a City and one side as a Rural. Who's in charge? There is nobody. My talking with Mark about this was it's a management philosophy so we could manage our Fire Department in a better way with joint cooperation from both sides. It also gives the ability for the City Manager to make decisions from a leadership stand point and guidance into the future. With the information from the Fire Department as well as the Rural Board. Cindy, I don't know if you are referring to "we" as in you or is it "we" as in the City. I

know I talked with Mark, before his mother passed away, and he left and he was in full support of this. Thank You.” Commissioner Southerland asked if this wasn’t something that came from the Fire Department Evaluation. Mayor Knutson answered yes, this was their recommendation.

VOTE: Unanimous Motion carried

15. PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE

AGENDA-Rory Horning-“I’m going to bring something to your attention. I think it’s of utmost importance to some members of your community. Up on Claffey Drive, it was brought to my attention that there’s a design flaw in the new Skyline Road. I think you ought to address this in this forum. It’s a health and safety issue for the people of Claffey Drive. Evidently the entrance from Skyline, or the entrance from Skyline to Claffey is very decorative but it makes it very difficult, if not impossible to get your larger fire trucks down there. There was a moving van that couldn’t get down there. At this particular point, I think Chief Fairchild already left, was contacted by members of the public up there. He’s the one that stated his larger equipment can’t get through that intersection. Since we just spent 12 million dollars on that somebody needs to get up there and look at that and talk to those people up there because they’re quite concerned as they should be. You can’t get fire trucks to people’s homes. So, I just give you that because it was brought to my attention.”

Commissioner Morrison motioned to adjourn. Commissioner Campbell second.

VOTE: Unanimous Motion Carried.

16. ADJOURN-8:09 P.M.

Mayor Heather Knutson

ATTEST:

Cora E. Pritt, City Clerk