

CITY OF POLSON COMMISSION MEETING

Commission Chambers

October 6, 2014

7:00 p.m.

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

ABSENT: Commissioner Dan Morrison

Others present (that voluntarily signed in): Shandra Cardova, Elsa Duford, Beth Hoel, Steve Jensen, Bonnie Manicke, Johna Morrison, Polson Police Chief Wade Nash, Robert O'Connor, David Russell, Susan Russell, Andrew Speer, Diane Speer, and Jon Theusted

CALL TO ORDER - Mayor Knutson called the meeting to order. The pledge of allegiance was recited. Roll call was taken.

APPROVAL OF PROPOSED AGENDA- Commissioner Southerland motion to approve the proposed agenda. Commissioner Erickson second. Commission Discussion: none Public Comment: none. **VOTE: Unanimous Motion carried**

APPROVAL OF CITY COMMISSION PUBLIC HEARING MINUTES SEPTEMBER 15, 2014- Commissioner Southerland motion to approve City Commission Public Hearing Minutes September 15, 2014. Commissioner Siler second. City Commission discussion: none
Public Comment: Elsa Duford, "On the September 15th meeting, I spoke three different times on the same topic. So this time I have brought the ballot with me for anybody to look at. What I was telling you was that on this ballot, there is nothing on this ballot that says anybody voted for a mill levy to fund the Government Study. It just isn't there. So that has been my trying to bring this to your attention because when City Manager Shrives gave his report, he said, "this year the citizens voted to conduct a local government review. As part of the vote, the citizens also voted in a levy to fund that study. The budget for this study commission was set at \$14,500.00 and will be funded with 1.48 mills. This will cost the tax payers with a \$100,000.00 market value home \$3.56." When Cindy gave her report she had it, in February, and she had the mill levy that she figured, would put the cost at \$154.00 for a \$100,000.00 property. So this needs to be looked at and gotten corrected to what is absolutely correct. Because when Mr. Shrives said they also voted for a levy, there's no where they could vote for a levy that's not on the ballot. I don't mean to belabor this subject too long but I will have to speak to it again. Anybody want to see this ballot? Everybody that voted voted on that ballot and it doesn't say one word about a levy. So you Commissioners need to get this corrected. If this is going to be taken to the Department of Revenue to figure out the mill levy on people's property, they need to know which is right. Anybody want to see this or do you remember voting?" Mayor Knutson, "We did vote yes. Does anybody want to see that?" Elsa Duford, "Anybody want to see this? Okay. That is what we voted on. If it comes up at the next meeting, I will have to be back up here again, but it needs to be corrected for the public so they aren't getting \$159.00 additional levy onto their property tax. That just wouldn't work. By the way, I didn't have a chance to look at the information that Cindy gave me that night on that Montana Code. It is, starts out, if I can find it..." Mayor Knutson, "I'm sorry Elsa we've allotted the three minutes." Elsa Duford, "I know. I just want to say it starts out by saying The Study Commission, this is after they're elected,

they will form their budget on how to spend the \$14,500.00. So there's a difference of how this is worded. Thank you."

VOTE: Unanimous Motion carried

APPROVAL OF CITY COMMISSION MEETING MINUTES SEPTEMBER 15, 2014- Commissioner Campbell motion to approve City Commission Meeting Minutes September 15, 2014. Commissioner Southerland second. City Commission discussion: none Public Comment: none.

VOTE: Unanimous Motion carried

CONSENT AGENDA-(a). Claims September 11-30, 2014. (b). Transfer of Beer/Wine Liquor License Number 15-860-3872 to Bambino's Pizza & Pasta. Commissioner Turner motion to approve the Consent Agenda. Commissioner Erickson second. Commission discussion: Commissioner Southerland asked who the license was being transferred from. City Manager Shrives answered Moby's. Public comment: none **VOTE: Unanimous Motion carried**

CITY MANAGER COMMENTS-City Manager Shrives commented:

Polson Development Code Status

Last week the Mayor and I met with the County Commissioners in order to get a better understanding of the letter the City received regarding their intention to possibly dissolve the City/County Planning Board. We discussed why and how this decision was reached so quickly. They explained they had not reached a decision, but had received enough feedback from County residents that they felt they should move forward with a resolution of intent to dissolve the City /County Planning Board. Once they pass the Resolution of intent, they will hold public meetings and then make a final decision as to dissolution or not.

The Mayor and I expressed concern that it seems somewhat late to make this decision after this process has been going on since 2009. We have stayed committed to this project because we feel it is important for us to get our Development Code up to date, and especially in this time of growth believe it is critical to have this information available for developers and our community. We also expressed concern that to date, the City has spent approximately \$75,000.

Impacts on City – As of now, we have stopped any further work on the Polson Development Code. We need to wait for a decision by the County. If they decide to dissolve the City/County Planning Board, then we will restart our work, remove all county references, establish our own City Planning Board and then move forward and finalize the Development Code for adoption by the City Commission.

PRA Resignation

Alice Ochsley, one of the Polson Redevelopment Agency members has resigned. We will be advertising for applications to replace her in the next week or so.

Golf Course Cart Storage Project

During our strategic planning session we discussed the construction of the golf cart storage building. We have been working on plans for that building and have put it out for bid last week. We expect to bring the bid information to the City Commission at the October 20th meeting.

Golf Course Season Passes

I have provided copies of the 2014 and proposed 2015 Polson Bay Golf Course Season Pass Rates. As you can see, there are proposed increases for 2015. These rates have been discussed with the Golf Board and they are in agreement with the proposed increases. These rates will keep us competitive but not exceeding similar courses and their rates. Also, as we discussed during the preliminary budget presentation, all season pass sales are final and are not subject to refund.

Partnership Opportunity

I was approached by the Greater Polson Community Foundation regarding the possibility of partnering with them in the engagement of a Vista (Americorps) intern who would start in January and be with us for a year. This is a program that is also sponsored and operated by the University of Montana. The Foundation doesn't feel they have enough work for a full time position. They feel they could keep someone engaged for about ½ time. I think with some of the initiatives we have discussed recently, (Local Option Tax, Complete Streets Program and others), the City could easily employ the individual the other ½ of the time. The City's cost for the year would be \$3000. This opportunity just came up, so I am continuing to research, but the application is due on October 20th, so this is the only chance I have to inform you of this opportunity before the deadline. Unless you have any issues with moving forward with this, I will work with the Greater Polson Community Foundation, review our finances and review the overall program to see if this might be a good fit for the City. I was involved with a similar program in Oregon through the University of Oregon and I used it several times and it always turned out well.

City Commission Work Session

We need to start having our work sessions regarding Ordinance Codification. I would like to propose the first work session for Monday October 27th. Start time is flexible. (note: this was confirmed with a start time of 6:00 p.m.)

DOWNTOWN WATER PROJECT-SUBSTITUTE BIDDER-AWARD. This agenda item was presented by City Manager Mark Shrives. City Manager Shrives, "After the last meeting you tabled the decision on the final award of the bid. We had some problems with our first bidder. We were looking at our second bidder. Some other issues came up. I asked the City Attorney for an opinion. He sent me a memo: "MEMORANDUM

To: Mark Shrives, City Manager
From: Richard Gebhardt, City Attorney

Re: Downtown Water Project

It is my understanding that the Commission voted to table the Notice of Award for the Downtown Water Project at its meeting on September 15th. As you are aware, the City reserved the right to hold award for a bid period of 60 days in the bid solicitation. It also defined a reasonable construction period that would commence, if awarded without delay, in September and would have a reasonable chance of completion without winter shutdown. I do not believe that the roads would have been able to be asphalted if construction were to be commenced this fall in any instance.

As there appears reluctance by the Commission to move forward because of the award controversy, I suggest that the City reject all bids with apologies to the contractors, return the bid bonds and rebid the project at the City's earliest convenience in the spring of 2015. Language within the solicitation allows the City to legally rebid the project. The rebidding in the spring would allow contractors to schedule their work year; provide lower bids as a first project; be up to date in supplies and materials pricing, and to finish the project within contract time included the repaving of disturbed areas.

So, based on that I would recommend a motion to not accept any of the bids and re-bid the project. That would be for the Downtown Water Looping project." Mayor Knutson, "Does everyone understand? Does anyone have any questions on that?" Commissioner Turner, "So when would the bid go back out and when would you see the start date?" City Manager Shrives, "I think we would probably try to re-bid it in as fairly early January, February as we could. Then get into the project March or April." Mayor Knutson, "Do you have additional questions Stephen?" Commissioner Turner, "No. I'm good thank you." Mayor Knutson, "With that then I would entertain a motion." **Commissioner Turner, "I will make the motion to reject all bids and to have the project re-bid the first of the year to start the first of the spring 2015." Commissioner Erickson second.** Commission Discussion: Commissioner Southerland, "I feel this is fair to do. I was really concerned about the additional money that we would have had to spend on the second bidder if we went that route. This at least gets us a chance to hopefully get a low bid and not tax the people so much." Mayor Knutson, "Any other Commission discussion?" Commissioner Campbell, "At the last meeting I had asked Cindy about any effects on our grants and she said that this would go into November and the grant application. Now we're talking maybe January or later. Does that change anything?" City Manager Shrives, "It doesn't. What we did was we've done the paper work that we need to with the grant agency, specifically TSEP. They are aware of what our proposal was tonight and so we basically moved forward and we haven't been affected at this point by any of our grants." Mayor Knutson, "Do I have any public comment? Please, if you could, state your name at the podium. We are allowing three minutes for comment. Thank you." Public Comment: **Steve Jensen**, "My name is Steve Jensen, Jensen Backhoe, bidder number 2. Last, I read the agenda here, they said it was \$60 to 70,000.00 difference in our bid. It's \$30,000.00. I don't know where that one

come from. So that's a big deal, \$30,000.00 difference. I tell you to throw that out, and John made this comment last week, they are creating a blood bath. We all now know everybody's figures. I'm here to tell you to kick this out is totally unethical. We go through a lot of money. I've spent \$40,000.00 in the last several years to keep my bonding. I spent all kinds of time on this. I'm not saying that you should have thrown out number one, I don't know anything about that, but I'm saying you shouldn't throw them both out. That's serious business. Thank you." Mayor Knutson, "Any additional comment?" **Dave Russell**, "JD Russell Excavating. The bid difference, our bid \$776,000.00 the next bid \$848,000.00 that's considerably more than \$30,000.00. It's a difference of \$72,164.99. If they take the alternate bid then it's a difference of \$77, 107.69 that's the difference in the two bids. I still feel that we are a responsible bidder. Mr. Shrives said that we would change the bid requirements if they awarded it to us. He also says that it was a mistake made. Montana State law says you can correct the mistakes. It would lower our bid by \$1,500.00. I feel we're still responsible and we're responsive bidder. I still feel that not awarding it to Russell Excavating is not the right thing to do. Throwing it out I guess is the next best thing to do. Thank you." City Manager Shrives, "I'm going to have to correct the record. I never said that I would adjust the bid. That was one of the issues that I had was that it did not meet the bids specs. So, I'm not sure if it was me or someone else you spoke to but I never spoken to (inaudible) so I'm not sure who you spoke to." Dave Russell, "I did not say you said it could be adjusted. You said, in the minutes Mr. Shrives said that it would alter the bid requirements. Then later on he says it was a mistake in the bid. Which it was, a mathematical mistake. Mr. Jensen has one too. I am saying that if you correct the mathematical mistake, which Montana State law allows, we would not be changing the bid requirements. That's what I'm saying. Which you said it would change the bid requirements and it would not." Mayor Knutson, "Okay. Any additional comment?" Mayor Knutson, "Okay. We have a motion and a second. We will go ahead and vote then starting with Commissioner Erickson."

VOTE: Unanimous Motion carried.

APPROVAL OF FILING OF FINAL PLAT LEGALLY REFERENCED AS, "AMENDED LOT 1

OF THE "PARKLAND" OF "WESTANA HOMESITES". This agenda item was presented by contracted planner Erica Wirtala, Sands Surveying. The project was presented earlier in June 2014. This property had previous been shown on the plat as parkland but was never dedicated as parkland. Coyote Land Company purchased the property for back taxes. They wanted to sell the land for development. The property has gone through subdivision process. It was approved as an amended plat. There were 21 Conditions attached to that plat and all of those conditions have been met. In speaking with City Engineer Shari Johnson, she wanted the Commission and applicant to have Conditions no. 7 and 13 brought to special attention. Those deal with the Geotechnical Report and Storm drainage plan. A note has been placed on the final plat. The topography is not normally placed on a final plat. This is normally done on a preliminary plat but there is a significant amount of topography associated with this property so it is imperative that when a building plan is finalized and an applicant comes to the City for a building permit, that a Geotechnical Report and a storm water drainage plan be presented and approved. Plan Staff recommends approval of the project. **Commissioner Turner motion to approve the filing of final plat legally referenced as, "Amended Lot 1 of the "Parkland" of "Westana Homesite."**

Commissioner Southerland second. Commission discussion: none Public Comment: **Ken Avison**, "Just a question, geographic location?" Mayor Knutson, "It is on 15th Avenue and Claffey Dr. That area right in there." **VOTE: Unanimous Motion carried**

APPROVAL OF THE FINAL PLAT OF RIDGEWATER COMMERCIAL SUBDIVISION

PHASE 5. This agenda item was presented by contracted planner Erica Wirtala, Sands Surveying. This development received initial approval on May 2, 2005. On May 7, 2007 the City granted a 10 year extension with a new expiration date of March 21, 2017. In the application for Final Plat there is a Subdivision Improvement Agreement (SIA) along with a Letter of Credit from Glacier Bank in the amount of \$197,000.00. The way that this works, by recording the Final Plat at this time, all of the improvements are not in place as called out by the Conditions. But, there is an engineer's estimate of

what it will cost for time and materials to finish. There is an additional 25% added on to that figure, then they secure the collateral so that property owners are assured that those improvements will be completed. If the developer does not finish up those improvements, then the City has the funds to complete the project. Commissioner Campbell asked how long those documents are good for. Ms. Wirtala answered that the SIA expires July 1, 2015. The Letter of Credit will expire 60 days after the SIA expires. There are 49 conditions attached to this plat. All of those conditions have been met and is in compliance with the preliminary plat. At the prior Commission meeting, the Red Lion Hotel was given a Special Use Permit, and will occupy one of the lots in this development. There will be three other lots that will be developed at a later date. Planning Staff recommends approval of this Final Plat Ridgewater Commercial Subdivision Phase 5. Commissioner Southerland asked about Condition #38. Applicant does not want Condition #38. Erica explained that there were no additional covenants that the applicant wished to place on this Final Plat. There were covenants that were recorded with the original subdivision. Mayor Knutson stated that there will need to be two motions associated with this agenda item. The first motion will be to approve the Final Plat. The second motion will be to approve the Subdivision Improvement Agreement. **Commissioner Southerland motion to approve the Final Plat of Ridgewater Commercial Subdivision Phase 5. Commissioner Campbell second. Commission Discussion: none Public comment: none. VOTE: Unanimous Motion carried**
Commissioner Turner motion to accept the Subdivision Improvement Agreement of Ridgewater Commercial Subdivision Phase 5. Commissioner Southerland second. VOTE: Unanimous Motion carried

AWARD PRESENTATION TO A POLSON FIRE DEPARTMENT MEMBER FOR OUT OF STATE LIFESAVING AWARD. Polson Fire Chief John Fairchild played the Mt. Vernon, WA Council Meeting in which Fire Chief Roy Hari presented the Life Saving Award to Firefighter Drew Hoel of the Polson Fire Department. Mt. Vernon WA Firefighter Dave Story explained that while visiting, Drew was instrumental in responding to a CPR event at Edgewater Park that ultimately saved the person's life. Chief Fairchild presented the plaque to Drew Hoel. Mayor Knutson commended Drew on serving not only in Polson, MT but serving in Washington as well.

NEW POLSON COMMUNITY CENTER AND FOOD HUB ON THE CORNER OF MAIN STREET AND 4TH AVE. (S.E. CORNER) Jason Moore, President of Montana Co-Op presented this agenda item. This cooperative adventure has been in the making for about four years. Part of the mission is Local Food Movement. The Montana Food Co-Op mission is to set up food hubs in each community in Montana and network together through a shared website, and transportation. Two months ago a building was secured. Our moto is "We not Me". There has been a lot of cleaning up at the building. The mission for the building will be the 8 values identified during the Heart & Soul project. The Montana Co-Op/Kids Co-Op will fulfill 6 of those values; vibrant local economy, vibrant downtown, education, active lifestyle, youth are valued, and diversity. There will be a small retail store on the front end next to Main St. This will have Montana made products and food grown locally. There will be a Kids Co-Op Business Center. There will be six desks and a variety of new jobs that is being created with mentors and kids. This will be a real business that kids ages 12-25 will be in charge of. Jason then introduced the team; Naomi Biladeaux-dancing-native dancing, ballet, performance dancing. Ken Camel-non-contact boxing/conditioning and self-defense program, Jason Erickson-business center with the Kids Co-Op, May Simmons-retail store manager, the restaurant, formerly Stageline Pizza, will be a salad bar and local community kitchen concept to come later. The Community Center hopes to open next month. Most events/classes will be mostly around music, exercise, and art. There will be mostly classes; i.e. computer classes, math classes to provide a support for the kids that need to get to the next level. This is just an introductory time and let you know what we are up to. Naomi Biladeaux provided a dance work-out video that was produced for Confederated Salish Kootenai College. This is a cultural demonstration that has been performed in the local schools. Ken Camel commented that he feels like he is coming full circle. Fifty five years ago his father formed a boxing team at the VFW hall after returning from the

Korean War. The legacy of that group still has an impact today. Mr. Camel is also a member of the Substance Abuse Reduction Task Force for the Tribe. Sadly, we lead the State in the abuse of prescription drugs and alcohol. We are not trying to save everybody but a few. Mr. Camel's brother, Marvin Camel, was just inducted into the World Boxing Hall of Fame. Marvin Camel came through the process of the boxing team at the VFW. May Simmons commented that this is an old building and there is still much work to be done. The goal is to get the kids before they get into the system. Polson currently does not have a place for the kids to hang out. We need the support of the community and the Commission. Without that support we cannot get this done. We need volunteers to help. This is a community endeavor. Jason Erickson commented that Jason Moore has put a lot of his heart and soul into this project. He has worked many long hours without pay.

APPROVAL OF POLSON REDEVELOPMENT AGENCY ANNUAL REPORT-Jules Clavadetscher presented this agenda item. Jules gave the following financial reports:

PRA ASSETS, 2013-2014

TIF Fund	End-of-year cash balance:	\$238,168
	Bond Reserve:	<u>40,000</u>
TOTAL PRA CASH ASSETS		\$278,168
	Tax Receivables:	
	2009	\$ 2,473
	2012	364
	2013	8,158
	2014	<u>969</u>
TOTAL TAX RECEIVABLES		\$ 11,964

PRA LIABILITIES, 2013-2014

Current Liabilities

TIF FUND Accounts Payable \$ 220
(This represents Ribbon Cutting Ceremony expenses for walk path/city dock)

TIF FUND Due to Lake County \$ 26,049
(This represents the negative increment created by personal property in the TIF district)

TIF FUND Deferred Tax Revenue \$ 11,964
(Offsets tax receivables. This account is reduced as the tax receipts are received.)

Long-term Liabilities

TIF FUND Current portion of long-term debt \$ 79,818

TIF FUND Long-term portion of debt \$692,221

(The debt represents the balance owed on 5 tax increment financing bonds issued on August 15, 2013 in a total amount of \$800,000.)

PRA INCOME & EXPENDITURES, 2013-2014

TIF FUND INCOME	Tax Revenue	\$130,777
TIF FUND INCOME	Entitlement Share	\$ 13,081
	(This represents a reimbursement from the State of Montana for lost personal property tax revenue due to legislative changes.)	
TIF FUND INCOME	Interest Earnings	\$ 167
TIF FUND EXPENDITURES	Postage	\$ 157
	(mail TIF newsletter)	
TIF FUND EXPENDITURES	Advertising & Supplies	\$ 583
	(Ribbon cutting ceremony for walk path/city dock project)	
TIF FUND EXPENDITURES	Debt Service	\$ 39,909
	(Principal and Interest payments on bonds)	
TIF FUND EXPENDITURES	Transfer to construction	\$ 48,950
	(Money transferred to walk path/city dock construction fund)	
Budgeted Revenue for 2014-2015:		
	Tax Revenue	\$146,500
	Entitlement Share	\$ 13,081

PRA TIF DISTRICT CAPITAL OUTLAY, 2013-2014

Fund 4530

WALK PATH/CITY DOCK CONSTRUCTION (On-going):

Construction	\$737,209
Engineering	26,602
Bond Counsel	13,164
Miscellaneous	<u>75</u>
 Total Capital Outlay	 \$777,050

CITY OF POLSON, MONTANA

BALANCE SHEET - GOVERNMENTAL FUND

TAX INCREMENT DISTRICT FUND

June 30, 2014

ASSETS

Current Assets

Cash and Investments - Restricted - Operating	\$ 238,168.07	
Cash and Investments - Restricted - Bond Reserve	40,000.00	
Taxes Receivable	11,964.36	
Total Current Assets	<u>290,132.43</u>	\$ 290,132.43

Total Assets

\$ 290,132.43

LIABILITIES

Current Liabilities

Accounts Payable	\$ 219.98	
Due to Lake County - Pers. Property Negative Increment	26,049.74	
Deferred Tax Revenue	11,964.36	
Total Current Liabilities	<u>38,234.08</u>	\$ 38,234.08

Total Liabilities

38,234.08

FUND BALANCE

Restricted	<u>251,898.35</u>	
Total Fund Balance		251,898.35

Total Fund Balance and Liabilities

\$ 290,132.43

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
TAX INCREMENT DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUE		
Real & Personal Property Tax Revenue	\$ 130,777.44	
Personal Property Tax Reimbursement	13,081.14	
Interest Earnings	<u>167.24</u>	
Total Revenue		\$ 144,025.82
EXPENDITURES		
Purchased Services	739.72	
Debt Service - Principal	27,961.15	
Debt Service - Interest	<u>11,948.00</u>	
Total Expenditures		40,648.87
Excess of revenues over expenditures		<u>103,376.95</u>
OTHER FINANCING SOURCES (USES)		
Transfer out to Walk Path & City Dock Construction Fund	<u>(48,450.00)</u>	
Total Other Financing Sources (Uses)		<u>(48,450.00)</u>
NET CHANGE IN FUND BALANCE		54,926.95
FUND BALANCE		
Beginning of the Year		196,946.65
Prior Period Adjustment - Interest earnings		<u>24.75</u>
Fund Balance, June 30, 2014		<u><u>\$ 251,898.35</u></u>

Commissioner Southerland motioned to approve the PRA 2013-2014 Annual Report.

Commissioner Erickson second. Commission discussion: none Public Comment:

Lee Manicke, “One of the expenses on here was \$157.00 for postage. That was a letter that was sent out before this Commission was brought in, it was before the first of the year. It was signed by the former Mayor and Mr. Avison. I looked at the minutes of the Polson Redevelopment Agency and I don’t see that that was ever discussed any place in the minutes of the PRA and it was never brought before the Commission for prior consent for the expenditure. Consider the Possibilities indicate that expenses should be brought before the Commission before they’re expended. There’s never any result that letter asked for input and the tax payers, there’s no discussion that they ever received any or not. There’s another expense on there for \$583.00 advertising, supplies for the ribbon cutting ceremony. I’d like to raise the question, what piece of plight was eliminated with that \$583.00? That expense bought about \$88.00 worth of cake and some gifts for payment for some entertainers, and some plates, and so on. That’s not an expense for taxes and it’s certainly not an expense that should be paid from a tax increment money. In all elimination of lights, it’s just not acceptable type of expense. It may be paying for Polson Business Association, Chamber of Commerce but it’s not an appropriate tax expense. The indicated income is \$130,000.00 if you add to that about \$9,000.00 delinquent taxes that are outstanding it would be about \$139,000.00 that comes in from the 2013 taxes. If you do the arithmetic of the increment value times the mill levy, appropriate mill levy taken off the 6 mills for university and 1.03 for the conservation district, and it does come off even though the State law says that it’s not supposed to, that indicates they generate about \$149,000.00. There’s \$10,000.00 that appears to be missing between what the report says we should receive and what the calculation says that we received. Cindy tells me that that is a recurring circumstance. Now Jules talked about the Consider the Possibilities. Consider the Possibilities is part of Ordinance 591. It’s brought in as 591. Consider the Possibilities says that there will be a bi-annual audit.

As far as I know there has never been an audit of the Polson Redevelopment Agency. I think that ought to really be called for, \$10,000.00 and if that's a recurring situation someone needs to take a look at that and see what's going on. Why we can't get a report from the D.O.R.(Department of Revenue) at the start of the year and do the calculations and come up with the same ending dollars at the end of the year. I know that incremental value can change, but to change it to cause a \$10,000.00 difference is a big difference. It would take a large taxable value to change that amount of money. That audit ought to include a fiscal audit and it also ought to include a compliance audit. It's obvious that they're not, the PRA is not compliant. They haven't had an audit since the conception. There's some other things that apparently aren't going on. You ought to look and see where we're spending the money the right way. We should have that audit, its part of that Ordinance 591. Thank you." Commissioner Campbell, "Hey Lee I've got a question, do you think the cost of the audit would be an acceptable debt to take out of the tax district?" Lee Manicke, "Yes. It's stated in the Ordinance, Consider the Possibilities that there will be a bi-annual audit. Let's do it. It has never been done before. I think it is an appropriate expense. I don't know who can do that kind of an audit. Someone that can look at it from a compliance standpoint and can get back into the D.O.R. records and all the way through to here. See if the money was spent and done the right way. An auditor can tell me that \$583.00 that we spent for cake and other things is a proper expense for taxes, I'll accept that but I won't accept it until we have someone that audits the books and says it's a proper expense."

VOTE: Unanimous Motion carried

APPROVE RESOLUTION TO PROVIDE MATCHING FUNDS FOR THE DEPARTMENT OF COMMERCE TSEP GRANT IN THE AMOUNTS PROVIDED FOR IN THE RESOLUTION.

City Finance Officer Cindy Dooley presented. The Downtown Distribution Waterline Project and the East Well Project, part of that cost is coming from a TSEP grant in the amount of \$625,000.00. This grant requires a dollar for dollar match and it can be from a combination of our local reserves, loan funds, donations in kind, any other type of sources. On the 17th of March, the City Commission passed Resolution No. 1055. That initially set our match at \$251,100.00 from the cash that we currently have on hand plus a DNRC SRF loan. We have a borrowing limit on that of \$565,000.00. When we passed the Water/Sewer rates in September, the City was able to meet the combined target rate for SRF eligibility for loan forgiveness. Based on that, everything that we borrow, 50% will be that will be forgiven. It kind of turns into a grant. As a result of that, we had to reallocate the money in the budget. The City is going to pay more money out of our cash on hand because of the reduction in the amount that we are going to compensate back. So the net change is going to be an increase of \$13,733.00 Our total cash outflow will be \$264,833.00 from our cash on hand, \$243,320.00 will that come from the East Well and \$17,863.00 will be placed in a bond reserve and \$12, 650.00 that will come out of our cost for the Downtown Distribution Waterline project. In order to be completely up to date with the TSEP program, we have to pass a new Resolution showing our increase match. Mayor Knutson asked if the City had been approved for the loan forgiveness program already. Finance Officer Dooley answered that we have been approved. Mayor Knutson questioned if this meant the local match or half of the loan. Finance Officer Dooley explained it is half the loan. Mayor Knutson further clarified that whatever the amount we borrow, half will be forgiven. Finance Officer Dooley replied that is correct. City Manager Shrives commented that the amount of the loan will be driven by the re-bidding of the project also. **Commissioner Turner motioned to approve Resolution to provide matching funds for the Department of Commerce TSEP grant in the amounts provided for in the Resolution. Commissioner Campbell second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

APPROVE RESOLUTION TO LEVY AND ASSESS SPECIAL IMPROVEMENT DISTRICTS TO DEFRAY THE COST OF MAKING AND ACQUIRING IMPROVEMENTS THEREIN; AND TO LEVY AND ASSESS CERTAIN STREET LIGHT MAINTENANCE DISTRICTS, NOXIOUS WEED CONTROL MAINTENANCE AND DELINQUENT UTILITIES FOR FISCAL YEAR 2015. Finance Officer Cindy Dooley presented this agenda item. These assessments are fee based

assessments that are charged to a particular group of tax payers that are benefited by that district. So we have Number 42 (commonly known as “Streetscape”)	\$86,634.42
Street Light Maintenance District #19	\$14,078.23
Street Light Maintenance District #20	\$ 4,871.36
Noxious Weed Control Maintenance	\$ 2,900.00
Delinquent Utilities	<u>\$ 1,943.26</u>
<u>TOTAL SPECIAL ASSESSMENTS LEVY</u>	\$92,427.27

Commissioner Southerland motion to approve Resolution to levy and assess special improvement districts to defray the cost of making and acquiring improvements therein; and to levy and assess certain street light maintenance districts, noxious weed control maintenance and delinquent utilities for fiscal year 2015. Commissioner Erickson second. Commission discussion: none Public comment: none VOTE: Unanimous Motion carried

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA-There was no Public Comment.

Mayor Knutson asked City Manager Mark Shrives should the meeting be closed to discuss the strategy of the impending, threatened, or actual litigation. City Manager Mark Shrives answered yes. Mayor Knutson asked if this was litigation between two governmental agencies. City Manager Shrives answered no. Mayor Knutson then asked does the discussion of this legal matter in open meeting have the potential to adversely affect the City if the strategy to defend the matter is disclosed. City Manager Shrives answered yes it does.. Mayor Knutson then stated that based upon the representations of the City Manager, she finds that the Commission should close its meeting into executive session so that they may discuss the litigation strategy of pending, threatened or actual litigation. She further commented that she believed that the Commission will be discussing this matter for approximately 15 minutes. Thereafter, we will reconvene the meeting only to adjourn the meeting.

Recessed for Executive Session 8:18 p.m.

Reconvene 8:34 p.m.

Mayor Knutson asked for a motion to adjourn. Commissioner Turner motioned to adjourn. Commissioner Southerland second. Vote: Unanimous Motion carried

ADJOURN 8:35 p.m.
Mayor Knutson

 Mayor Knutson

ATTEST:

 Cora E. Pritt, City Clerk