

CITY OF POLSON

CITY COMMISSION MEETING

Commission Chambers

July 6, 2015

7:00 p.m.

ATTENDANCE: Mayor Heather Knutson, Commissioners Campbell, Donovan, Erickson, Siler, Southerland, and Turner. Acting City Manager Karen Sargeant, City Clerk Cora Pritt

OTHERS PRESENT (who voluntarily signed in): Elsa Duford, Lita Fonda, Bonnie Manicke, and Lee Manicke

CALL TO ORDER: (00:02) Mayor Knutson called the meeting to order. The Pledge of Allegiance was recited. Roll call was taken.

APPROVAL OF PROPOSED AGENDA (00:47) - Commissioner Southerland motion to approve the proposed agenda. Commissioner Erickson second. City Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC **NOT ON THE AGENDA (1:40)**-Elsa Duford clarified that during the June 1, 2015 meeting the name of the property owners for the test well is Gochis. Mayor Knutson thanked the Fire Department for great service on the 4th of July during the festivities. Mayor Knutson also thanked Streets Superintendent Terry Gembala, Parks Director Karen Sargeant, Fire Chief Cottle, the Rural Fire Department, and the Polson Chamber of Commerce for their assistance in making the 4th of July parade a success.

CONSENT AGENDA (03:50) - (a). Claims June 19-30, 2015, (b). City Commission Meeting Minutes June 15, 2015, (c). City Commission Meeting Minutes June 22, 2015, (d). City Commission Meeting Minutes June 29, 2015, (e). City Commission Meeting Minutes July 1, 2015, (f). New Liquor License No. 15-999-3685-303; Walgreens #16084, (g). City of Polson Liquor License for Fiscal Year 2015-16. **Commissioner Southerland motion to approve the Consent Agenda with the updates to the Water/Sewer Claims to the appropriate funds. Commissioner Siler second.** City Commission discussion: Commissioner Southerland questioned why the winery license did not have a number. This was a clerical error. Commissioner Siler commented that on the Liquor License list State Line needs to be corrected to read Stage Line. Commissioner Campbell questioned why all of the Western State claims were listed under Sewer Department. Several of the claims should be Water Department. Water/Sewer Superintendent Tony Porrazzo commented he would meet with the City Clerk to get those corrected. Public Comment: **Dennis Duty** questioned what type of liquor license Walgreens was getting. Mayor Knutson answered a Beer/Wine Off Premises license. **VOTE: Unanimous Motion carried**

CITY MANAGER COMMENTS (10:24) - Acting City Manager Karen Sargeant commented that the U.S.A. Women's Soccer Team won the World Cup competition. There were compliments regarding the 4th of July parade from visitors and townspeople alike. The rope barricades are helping. Karen thanked Streets Superintendent Terry Gembala, the Parks employees, Police Department, Chamber of Commerce and Anderson Broadcasting for a successful parade. The 4th of July Fireworks public display was a collaborative effort with a definite criteria to be met. The only negative during the holiday event was someone put a firecracker in one of the new toilets at Riverside Park and busted the toilet.

OATH OF OFFICE (15:52) -Mayor Knutson administered the Oath of Office to Fire Chief Clint Cottle.

Chief Cottle commented that he is truly humbled and honored to be joining such a fine fire department. He also stated that he is very excited for the opportunity to continue to serve the community in this capacity.

APPROVE RELEASE OF RIDGEWATER PHASE 5 SUBDIVISION IMPROVEMENT

AGREEMENT (19:52) - Contracted Planner Erica Wirtala presented this agenda item. In the packets there was an agenda item summary. There was no staff report for this item. This is in regards to Ridgewater Phase 5 Commercial portion of the subdivision. Phase 5 included four lots which are 10, 11, 12, & 13C. When the final plat was approved, the second motion approved was for the Subdivision Improvement Agreement. The SIA (Subdivision Improvement Agreement) allows the plat to be recorded but there are still infrastructure hanging out that needs to be taken care of. There is collateral posted and an engineer takes stock of all of the work that is yet to be done. A price is put on that and 25% is added to that total. The developer then posts a bond for that 125% of the cost remaining. The SIA has an expiration date, and then 60 days after the expiration date is the date that the monies expire. There is a 60 day curing period so that if any of the infrastructure should fail, the money hasn't gone right back to the developer. Phase 5 improvements were comingled with Phase 6. The SIA was just for Phase 5. The work has been completed, at the last minutes, but it did get done. The technical representative submitted photographs of the work that was done. The engineer hired by the developer, Larson Engineering and surveying, for the project has submitted a stamped letter. The stamp includes a warranty to those improvements. They are good for one year. The money will be held until the first week in September which is \$197,731.00. What is being requested is a motion to approve the release of the Subdivision Improvement Agreement. The funds will not be released until September 1st. The City Staff will have a chance to walk thru and do an inspection. Technically the SIA is a contractual agreement between the developer and the City and that expired on July 1st. The motion to release is just for formality sake.

Commissioner Campbell motion to approve the release of the Subdivision Improvement Agreement for Ridgewater, Phase 5 commercial subdivision but will hold the release of collateral funds until a final successful inspection of the infrastructure/improvements by the City Staff/Engineer can take place. Directly release of collateral funds after that completed inspection which must take place prior to September 1, 2015. Commissioner Erickson second. Commission discussion: none Public comment: none VOTE: Unanimous Motion carried

APPROVE RIDGEWATER PHASE 6 FINAL PLAT (25:24) - Contracted Planner Erica Wirtala presented this agenda item. This is a two lot commercial phase. The lots are currently vacant. Polson City Commission granted approval of this phase back in 2005 as part of a multi-phase development. On May 7, 2007 City Commission granted a 10 year extension to what is now known as Ridgewater, with a new expiration date of March 21, 2017. There was no Subdivision Improvement Agreement with this phase. The infrastructure has been certified by Larson Engineering. The 49 Conditions of Approval have been met. Staff recommends approval of Phase 6 Final Plat. **Commissioner Turner motion to approve the Final Plat request but will hold the release of Final Plat until the City staff has inspected and verified completed improvements. This review has verified that all of its associated Conditions of Approval on behalf of Cougar Ridge Development, LLC as described above have been met. Commissioner Donovan second. Commission discussion: none Public comment: none VOTE: Unanimous Motion carried**

UPDATE FROM THE ECONOMIC DEVELOPMENT COUNCIL (29:00) -City Finance Officer Cindy Dooley, Staff Representative to the EDC, gave the presentation in President Rick LaPiana's absence. The Council is working very diligently. The first task is the Resort Tax. The recommendations thus far: the tax will be seasonal April thru September of each year. Would have a sunset provision. The tax would sunset but prior to that the citizens would have to vote to keep it in place. The time period would possibly be 10 years. The tax may be between 1% to 3%. The Council is looking at a 3% tax. The allocation of the tax would be: the businesses would keep 3% of Gross tax, of the Net tax that the

City would receive; 15% to Property tax relief, 80% to street upgrades to include sidewalks, curb and gutter, and storm drainage, 3% to the City for administrative costs, and 2% for promotional efforts. The Council would like to hold a Special Election in February 2016 if the Commission were to approve the Resort Tax. The first public hearing will be on Wednesday, August 12, 2015 at 6:30 p.m. in the Linderman Multi-purpose room. Still working on defining what are considered luxury items. That is what the tax will be applied to. There are certain businesses that will be taxed on everything; i.e. bars, restaurants, and lodging facilities. Other businesses will be taxed on items that will be defined as luxury items. Tribal issues are still being worked out. Also working on Public Meeting presentation. Mayor Knutson clarified that after the Public Meeting presentation on August 12th there would be a chance for the public to comment. Commissioner Campbell questioned if there would be any expense holding a Special Election. City Finance Officer Dooley answered that there may be a little bit of an expense. Commissioner Turner questioned if anyone had put any numbers together as to how much this may bring in. City Finance Officer Dooley commented that there is no definitive answer as to the amount of tax this may bring in.

OVERVIEW OF GOLF PROJECT FINANCES (45:15) -City Finance Officer Cindy Dooley presented this agenda item. This item is tied into Agenda Item No. 12. On the 1st of April 2013 the City refinanced the Golf Revenue Bonds with a new bond that Glacier Bank purchased in the amount of \$400,000.00. The bond will mature on April 1, 2017. The current principal balance is \$204,173.00. The irrigation system on the Olde 9 dates back to: the pipes 1972 and the sprinkler heads 1980's. Golf Superintendent Pat Nowlen felt that the irrigation system needed to be replaced. In spring 2014 the City contracted with the Baer Design Group to design the new irrigation system. Greg Baer will also serve as the engineer on the project. The \$400,000.00 bond would be refinanced with the proceeds to go toward funding the irrigation project along with some other monies. Since the rates are good right now it was decided to also go ahead and replace the golf car fleet. There are 65 golf cars so that would be added to the Revenue Bond financing. Recently the bid went out to replace the Golf cars. The golf car bid approval is on the agenda this evening in the amount of \$161,700.00. The Irrigation bid is also on the agenda but there is some bid non-conformance that will set that project back in terms of getting a final financial package. Also, there was a new Golf Car Storage project that went out to bid and was approved in June 1, 2015 for \$181,000.00. Bond Council has advised that that debt cannot be combined with the Revenue Bond because the Golf Car Storage has a more private nature to it. That debt has to be separate and is a taxable debt. There will need to be two separate loans but only one lending bank. Both loans will need to be at one establishment and have securities on the net revenues. What is projected is \$1,000,015.00 for the Revenue Bond. That would consist of the loan of \$204,173.00, the golf cars at \$161,700, the irrigation system, based on the lowest bid possibly \$705,000.00. We still owe the Baer Design Group \$24, 795.00. That would leave about \$19,332.00 that would pick up Bond Council costs and part of the reserve that the City would have to have. There are payments that will need to be made fairly quickly. The Golf Car will be do the first week in August for \$161,700. The Golf Car Storage payments will be in July and August. In order to meet the needs, the City Manager and the City Finance Officer decided to take a short term loan from the Sewer Enterprise Fund in the amount of \$342,700.00. It will be payable in one lump sum in six months at an interest rate of 1%. If held to term, the Golf Fund would pay \$1, 713.50 in interest and the Sewer Fund would receive that amount in revenue. This transfer falls under Montana Code Annotated 7-6-613 which covers transfers. The two loans will need to be bid together. This will be a Promissory Note.

APPROVE RESOLUTION FOR ESTABLISHING A SHORT-TERM LOAN FROM THE SEWER DEPARTMENT TO THE GOLF FOR THE PURCHASE OF GOLF CARS (01:16:21) - City Finance Officer Cindy Dooley presented this agenda item. Mayor Knutson asked for a motion before Commission discussion. **Commissioner Campbell motion to approve Resolution No 2015# to approve a loan from the Sewer Enterprise Fund to the Golf Enterprise Fund in the amount of \$342,700.00 at 1% interest for the initial purchase of the golf cars and construction of golf car**

storage with the direction to repay the Sewer Enterprise Fund upon completion of long-term financing program or six months whichever comes first. Commissioner Southerland second. City

Commission discussion: Commissioner Turner, "I believe I've said it all that I need to say." Commissioner Siler, "What impact does it have on the citizens? This is strictly the Golf Course funds right? So we're not going to be asking the tax payers to fund any of this." Commissioner Campbell, "Actually neither fund is tax payer funded." City Finance Officer Dooley, "It's not tax payer funded. None of this." Mayor Knutson, "If this does not go thru tonight the repercussions would be we would lose the bids on the golf cars that we have just gotten. So we would lose those bids. They could come in higher or lower if we were to do it at a later time. But we would lose those and I'm not quite sure what would happen with the golf cart storage if it doesn't go thru." City Finance Officer Dooley, "Well the reason that would be delayed is because we need the whole funding package." Mayor Knutson, "So that would be delayed until the whole funding package." City Finance Officer Dooley, "Right." Mayor Knutson, "The irrigation project." City Finance Officer Dooley, "Right. But we're going to need to make some payments in July and August on that construction." Commissioner Turner, "Construction has started?" City Finance Officer Dooley, "Ummhumm." Mayor Knutson, "We approved that." City Finance Officer Dooley, "Ummhum." Mayor Knutson, "And I guess that's kind of the other thing, we've led down this direction with everything that we've done so far has lead us to this point. The only difference that we would have is the short term, difference that I can see compared to my expectation were prior to this was that we would have this short term loan. But it would go from one account and then back to the other one. Prior to that we were heading down this path of doing the irrigation project. We've moved forward with that direction and we've moved forward with the golf cart storage. All approved via the new golf cars. We've headed in that direction as well. I feel like we have taken some steps in this direction up this point already." Commissioner Turner, "I would agree with that. I just thought we were a little farther along probably in financing. Or we were financing it differently I guess is the issue I am having." Mayor Knutson, "So I just want to jump back too for some clarification on that. I think that is a good point. We're looking, again, current debt service and previous debt service was at \$135 to \$136,000.00. Is that because our interest rates are higher on that \$400,000.00 or the time period was shorter? Is that why we're going to be at \$115,000.00 for the future debt service?" City Finance Officer Dooley, "Yes. I would say that it is a combination of the interest rates and a shorter term." Mayor Knutson, "So we're going to have all of these elements that are going to be part of the loan package or financing package, excuse me, and the cost per year is going to be less than it currently is right now." Finance Officer Dooley, "Yes." Commissioner Turner, "When we had a meeting for the golf storage what did you tell us? How are we going to finance just the, maybe give me a short recap on how we'd planned on financing that." Finance Officer Dooley, "Right. That was the discussion we had about that we had to take out a separate loan on that because our Bond Council told us that we could not combine it into the full financing. So basically we said that we would be seeking a separate loan on that and that it would be with one bank." Mayor Knutson, "And we know that that's acceptable to do that with the financial institutions?" Finance Officer Dooley, "Well, you just about have to because you won't get one bank that's gonna have a secured interest in your net revenues and another bank take a second seat to that. Yep, that won't happen." Commissioner Turner, "So between that meeting and now, I guess I'm a little confused why we didn't get some financing in place for that." Finance Officer Dooley, "Because we have to negotiate the two loans together." Commissioner Turner, "Given the fact that we don't want to keep with Glacier." Finance Officer Dooley, "No. No. I mean they'll bid on it just the same as anybody else will. But we have to bid the two loans together, because one bank has to take both loans." Commissioner Turner, "No, I know what you're saying." Mayor Knutson, "I do struggle a lot I guess I share the struggle with the borrowing money from the Sewer department. That is a struggle for me because I know that we're working so hard to put money into that department so that we can start strapping it for these big costs that are going to come soon. It is a challenge. That is definitely a hard one to accept." Finance Officer Dooley, "But they will make some money off of it and better interest rates than we're getting right now. We're getting .8 on our CD and .25 on our repurchase agreement. So at 1% they're actually going to make a little money." Mayor Knutson, "And I guess given the short term nature

of it, ensuring that we pay this back within six months at the latest, and feeling confident that the amount that we have in there right now will still cover any early costs that we're going to have with the new sewer system." Finance Officer Dooley, "Yes." Commissioner Campbell, "I guess the other thing to feel comfortable about is this Board has responsibility over the funds of this town. We're borrowing from ourselves and we can give it back to ourselves." Mayor Knutson, "Yes." Commissioner Campbell, "It might not be the same plan everybody wanted but if in six months this doesn't look right we'll take it." Finance Officer Dooley, "Yes." Commissioner Siler, "Does the Golf Fund have..." Finance Officer Dooley, "Yes and the Promissory Note pretty much says that." Commissioner Campbell, "The funds are definitely..." Commissioner Siler, "Does the Golf Fund reserve have money to pay it back if we have to go asking for it?" Mayor Knutson, "Part of it." Finance Officer Dooley, "They have some but the rest will come from loan proceeds." Commissioner Turner, "What is your timeline for the loans?" Finance Officer Dooley, "I'm sorry what was that?" Commissioner Turner, "What is your timeline for the new loans?" Finance Officer Dooley, "Well I would say as soon as we finish the irrigation and we have a firm bid on the irrigation then we will probably negotiate. That usually takes four or five days. We would probably bring that to the next Commission meeting following the acceptance of the irrigation bid." Commissioner Southerland, "That wouldn't go out for a couple of weeks the new irrigation bid." Finance Officer Dooley, "I think we're going to try and get it in this week. Right? Or is it going to be next week Pat?" Acting City Manager Sargeant, "It doesn't have to run as long as the original bids. It can run for two weeks instead of three." Finance Officer Dooley, "We're going to try for this week. So we're going to try and get it in the paper so it will run the next two weeks. So we could have something before the end of July." Commissioner Campbell, "So in all of this, we're assuming that the next bids will come in good." Mayor Knutson, "They're making some adjustments to them too it sounds like." Mayor Knutson, "Okay. Any additional comment, questions, discussion on the Commission? We'll come back then for final discussion after we hear from the public. Do I have any public comment on Agenda Item No. 12? Approving a Resolution establishing a short term loan from the Sewer department to the Golf department." Public comment: **Elsa Duford**, "I don't know if this is applicable to what you're discussing but I was given a copy that was posted on the *Missoulian* website. Maybe this is already something that you already know. The upgrades to Polson's water and sewer system. It was posted around 5 o'clock tonight. The *Missoulian.com*, and it talks about Governor Bullock announcing that rate payers in Polson will save \$77,820 related to costs of these projects, water and sewer infrastructure. I just wanted to know if you were aware of this publication." Mayor Knutson, "I had not seen the article yet." Elsa Duford, "Okay. Well it would have been on the update on the *Missoulian* around 5 o'clock tonight." Mayor Knutson, "I had not. Thank you." Elsa Duford, "I just wanted to let you know that it was discussing this and these loans and that one of the loans is a forgivable loan under circumstances. So maybe you already have all that information. But this could be in the *Missoulian* tomorrow." Mayor Knutson, "Okay. Thank you. Thank you. Any additional public comment?" Berl Tiskus, "I'm wondering about the non-conformance of the bids. What is that? I missed all of that. What is the problem with them? I don't have that stuff." Acting City Manager Sargeant, "Basically that bidder did not turn all the proper paperwork in. That's all. He forgot to turn some or part of the paperwork in and that made it non-conforming." Berl Tiskus, "Okay. Thanks." Mayor Knutson, "Okay. Any additional public comment? Okay. Then any final Commission discussion before we go to a vote?" Commissioner Turner, "I just want the Golf Course to know that I support you but at the same time I just, all of a sudden this just feels really rushed. There's a lot of money at stake. I have a little concern with that I guess. I really do support the Golf Course." Mayor Knutson, "Okay. Any other comments, discussion? Again this is for approving a resolution No. 2015-to be determined to approve a loan from the Sewer Enterprise Fund to the Golf Enterprise Fund in the amount of \$342,700.00 at 1% interest for the initial purchase of the golf cars and construction of golf cart storage with the direction to repay Sewer Enterprise Fund upon completion of long-term financing program or within six months whichever comes first. Okay. We've got that motion from Commissioner Campbell with a second from Commissioner Southerland and I'm going to begin a vote then beginning with Commissioner Erickson please." **Commissioner Erickson, "For." Commissioner Southerland, "For." Commissioner Siler, "For." Commissioner Campbell,**

“For.” Commissioner Turner, “Against.” Commissioner Donovan, “For.” Mayor Knutson, “For.” Motion carries.

ACCEPTANCE OF THE GOLF CAR BID (01:29:11) -This agenda item was presented by Golf Maintenance Superintendent Pat Nowlen and Golf Director Roger Wallace. There were two bids, Yamaha and Club Car. There were scoring sheets included in the agenda packets. The price between the two was a non-issue, less than 2%. What was important was the mechanical aspects of the cars. Club Car scored the highest on the Mechanical. The Golf Board scored the cars on the comfort, user friendliness. Club Car was slightly higher on that score. The delivery of the cars was specified in the bid. That was essentially a non-issue as well. Roger Wallace commented that the Golf staff is recommending acceptance of the Club Car bid. This is a company that the golf course have done business with since 1994. Currently using some 1999 models. The Polson golf maintenance mechanic is Club Car trained. There will be 65 trade in cars and purchasing 60 new cars. **Commissioner Southerland motion to award the procurement of 60 golf cars in an amount of \$161,700.00 to Johnson Distributing. Commissioner Siler second.** Commission discussion: Commissioner Turner clarified that the money the Water/Sewer Department is loaning the Golf Enterprise Fund is how we are paying for these cars. Mayor Knutson answered yes. Public comment: none **VOTE: Unanimous Motion carried.**

OLDE 9 IRRIGATION BID (01:35:30) -Agenda item was presented by Acting City Manager Karen Sargeant. Four bids were received for the Olde 9 Irrigation Renovation project. The lowest bidder did not submit the entire bid packet thus disqualifying that bidder for non-conformance. The other three bids were higher than anticipated. Golf Maintenance Superintendent Pat Nowlen along with Greg Baer, Baer Design Group recommended to not accept any of the bids and go out for re-bid. Pat is currently working with Greg Baer on some of the scope of the project to redesign so that we can do some of the work ourselves thus lowering the costs. Pat Nowlen commented that the 6” connection pipe between the Olde 9 and the 18-hole course is work that can be done by the Golf Maintenance staff. This will give a savings of \$40,000.00. The staff will also be installing all of the controller connections too which will be a savings of approximately \$90,000.00. Commissioner Turner asked what the timeline is on the project. Pat Nowlen answered that construction is to start the beginning of September and be completed by the 1st of November. That may get stretched into mid-November. The project should be completed in 40 to 45 days. **Commissioner Southerland motion to not accept any of the submitted bids, rebid entire project and advertise the project for two weeks. Commissioner Erickson second.** Commission discussion: none public comment: none **VOTE: Unanimous Motion carried**

APPROVE THE MOREHEAD TRUST LAND DONATION TO THE PARKS DEPARTMENT (01:42:45) -Acting City Manager Karen Sargeant presented this agenda item. At the beginning of the year Daniel Morehead approached Karen to donate a tract of land in honor of their mother. Mrs. Daniel was a big supporter of parks. The land is triangular and there is also another small parcel of flat land. The Parks department has paid for the boundary line adjustment and the appraisal so that the family could submit the donation on their taxes. The only other stipulation that the family placed on the donation was that the family would be involved in the development of the master plan for the property. The tract is located next to the Carol Scherlick Trail. There may be a picnic area put in and the flat parcel would become a parking area for individuals using the trail. As soon as the appraisal comes in, then the Parks Department could close on the deal and it would be done. Mayor Knutson commented that this is a very generous donation. Commissioner Campbell commented to keep the property low maintenance. Karen Sargeant commented that this is the first property the Parks Department has accepted in quite a while. This will become dedicated to the City and will not be sold. **Commissioner Turner motion to accept the Morehead Trust Land donation to the Parks Department. Commissioner Donovan second.** Commission discussion: Commissioner Siler pointed out a grammatical error. The Financial Finding sources should read Financial Funding sources. Public comment: none **VOTE: Unanimous motion carried**

(01:51:04) Mayor Knutson asked the Commission if there were any items that needed full minutes or will action minutes suffice. Commissioner Campbell requested full minutes on Agenda Item No. 8 and Commissioner Turner requested full minutes on Agenda Item No. 12. All other to be Action Minutes.

Adjourn. (01:51:41) Commissioner Southerland motion to adjourn. Commissioner Campbell second. Commission discussion: none Public Comment: none **VOTE: Unanimous Motion carried.**

ADJOURN: 8:52 p.m.

Heather Knutson, Mayor

ATTEST: _____

Cora E. Pritt, City Clerk