

**POLSON CITY COMMISSION MEETING MINUTES  
CITY HALL – CITY COMMISSION CHAMBERS  
MONDAY, FEBRUARY 4, 2013, 7:00 PM**

**ATTENDANCE:** City Commissioners: Todd Erickson, John Campbell, Stephen Turner, Mike Lies, Dan Morrison, Fred Funke and Mayor Pat DeVries presiding. City Manager Todd Crossett, City Attorney James Raymond, City Treasurer Bonnie Manicke, City Clerk Cindy Dooley, Chief of Police Wade Nash, Parks Superintendent Karen Sargeant and Streets Superintendent Terry Gembala present. Others present (that signed in): Rory Horning, Donald McElvain, Laurie McElvain, Joslyn Shackelford, Mark Shackelford, Paul London, Elsa Duford, Cheryl Wolfe, Mike Kuhlmann, Diane Speer, and Joan Hart.

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

**APPROVAL OF PROPOSED AGENDA:** Commissioner Funke moved to approve the proposed agenda, seconded by Commissioner Morrison. Commission discussion: None. Public discussion: None. Motion carried unanimously.

**CONSENT AGENDA:**

**A. JANUARY 18 – JANUARY 30 CLAIMS**

Mayor DeVries commented that the Commissioners received a new report that had claims for only January 18<sup>th</sup> through January 30<sup>th</sup>. The report in the agenda packet was for the entire month. Commissioner Campbell moved to approve the consent agenda, seconded by Commissioner Funke. Commission discussion: None. Public discussion: None. Motion carried unanimously.

**COMMISSION WORKSHOP MINUTES JANUARY 11, 2013:** Commissioner Lies moved to approve the City Commission Workshop minutes of January 11, 2013, seconded by Commissioner Campbell. Commission discussion: None. Public discussion: None. Motion carried unanimously.

**COMMISSION MEETING MINUTES JANUARY 23, 2013:** Commissioner Lies moved to approve the City Commission meeting minutes of January 23, 2013, seconded by Commissioner Funke. Commission discussion: None. Public discussion: None. Commissioners Erickson, Campbell, Lies, Morrison and Funke voted aye. Commissioner Turner abstained. Motion carried.

**CITY MANAGER COMMENTS:** City Manager Crossett congratulated the volunteers that hosted the first FLIC (Flathead Lake International Cinemafest) for Polson on February 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>. He said the film festival was envisioned by Envision Polson! as part of an effort to expand year round recreational and economic development opportunities. He commented that there were good crowds for all of the film showings and people were turned away on Friday night due to a full house at the theater. The festival was deemed a success and will probably expand next year according to City Manager Crossett. The volunteers worked on the project for an entire year to bring the film festival to fruition.

City Manager Crossett went before the CSKT Tribal Council last week to present a way forward on the airport runway land owned by the Tribe. The Tribal Council voted to take an interest in a 40 year easement on the property. He will continue with the Tribe's lands department, Airport Board, FAA and an appraiser to determine a value and move forward with the process of putting together an easement agreement.

City Manager Crossett also asked about scheduling another strategic planning session. Mayor DeVries asked if the Friday sessions are a good day. The Commission agreed to meet on Friday, February 15<sup>th</sup> at 3:30 pm in the City Council chambers.

Commissioner Campbell asked if the Airport easement agreement would fit within the FAA's funding timeframe. City Manager Crossett said this has been a core factor to deal with. When the FAA awards a grant they require 20 years of control either in the form of a lease, purchase or easement from the time the grant is awarded. The decision to do an easement is probably the cleanest method according to City Manager Crossett and this will allow for the potential for the FAA to pay for the easement. There has been a lot of work between the City, the Airport Board, BIA, FAA and the Tribe to work through numerous issues and to meet all of their requirements and get to this model. Mayor DeVries commented that this was very good news. City Manager Crossett said it is good news not only for those owning airplanes but also for the community as the airport traffic generates about 3.6 to 3.9 million dollars directly and with circulation of the money through the community, it generates over \$20 million dollars of income for the Polson economy each year.

#### NEW BUSINESS

**APPROVE RESOLUTION NO. 1038 ADOPTING LAKE COUNTY'S PRE-DISASTER MITIGATION PLAN:** Steve Stanley, Lake County's Office of Emergency Management Coordinator presented Resolution No. 1038 to approve Lake County's Pre-Disaster Mitigation Plan (PDM). He provided CDs containing the PDM which was updated in August, 2012. Steve Stanley said this is Lake County's plan but it is also the plan for the three incorporated cities in Lake County: Polson, Ronan and St. Ignatius. He said FEMA (Federal Emergency Management Agency) requires that each of the cities adopt the PDM by resolution. Steve Stanley said this PDM is an update of the plan that is already in place. He said a PDM is required by FEMA and they provide the money to periodically update the plan. The contractor for the project was TetraTech, and Mr. Stanley said they did a stellar job. He said the PDM identifies threats that could affect Polson and the other entities and FEMA will most likely provide funding on a 50/50 basis to mitigate those threats. Mr. Stanley said no pre-disaster mitigation projects have been identified for funding at this point, but it is a tool that is there if needed. Commissioner Campbell commented that it is quite a document and Commissioner Morrison said there is a lot of material. Steve Stanley said the Emergency Operations plan is being used extensively, but the PDM is also a very good tool for his department. **Commissioner Funke moved to approve Resolution No. 1038 adopting Lake County's Pre-Disaster Mitigation Plan for the City of Polson, seconded by Commissioner Turner.** Commission discussion: Commissioner Erickson asked if we are approving only the portions of the PDM that pertain to the City of Polson. Mayor DeVries responded that the City needs to approve the entire document for the City, and then Lake County will approve the entire document for the County, but the City does not have control over the parts that do not pertain to the City of Polson. Public discussion: None. **Motion carried unanimously.** Mayor DeVries thanked Mr. Stanley for his hard work on the project.

**APPROVE APPOINTMENT OF CHRISTINE AYERS TO THE POLSON PARK BOARD:** City Manager Crossett deferred to Parks Superintendent Karen Sargeant to explain the appointment. Parks Superintendent Sargeant said this would be a re-appointment as Ms. Ayers previously held the member at large position on the Park Board. **Commissioner Morrison moved to appoint Chris Ayers to the Polson Park Board member at large position for a three year term beginning January 1, 2013, seconded by Commissioner Erickson.** Commission discussion: None. Public discussion: None. **Motion carried unanimously.**

**RECOGNITION OF OFFICERS AND CITIZENS FOR LIFESAVING EFFORTS:** Police Chief Nash said the Police department had a busy summer and fall and that there were two incidents one in August and the other in September that deserve special recognition for heroic and lifesaving efforts. Police Chief Nash asked Assistant Chief John Stevens and Lake County Deputy Clay Schoemacher to come forward. Police Chief Nash said that on September 25, 2012 these two officers responded to a call for assistance for a female victim in the Flathead River that was struggling to keep her head above water. Both officers entered the water, swam to the victim and helped pull her from the water ultimately saving her life. Police Chief Nash awarded them each the Certificate of Commendation and said this demonstrates their dedication to serve the residents of our community and their willingness to help others in their time of need. The presentation of the awards was followed by a round of applause and a standing ovation.

Police Chief Nash said the other incident was emotional for him. He said that although he was not in Polson at the time of the incident, as the facts were told to him he realized that the three officers involved put their lives on the line and deserve to be recognized for their heroic efforts. Police Chief Nash asked Corporal William Cleveland and Detective Sergeant Alan Booth to come forward. Police Chief Nash said that on August 3, 2012 a family boating outing took a turn for the worse when a call was received that a victim was in the water pinned between his boat and a rock and was drowning. The quick response by Officers Cleveland and Booth who entered Flathead Lake to assist with retrieving the drowning victim ultimately helped to save the victim's life. Police Chief Nash awarded them each the Certificate of Commendation and the Lifesaving Ribbon and said this demonstrates their dedication to serve the residents of our community and their willingness to help others in their time of need. The presentation of the awards was followed by a round of applause and a standing ovation.

Police Chief Nash then asked Detective Juan Maso to come forward. Police Chief Nash said Detective Maso also responded to the incident on August 3<sup>rd</sup>. He unselfishly entered the water and placed himself between the boat and the rock that was pinning the victim and pushed the boat away, which freed the victim allowing him to be removed from the water and ultimately saving his life. Police Chief Nash awarded Detective Maso the highest honor – the Police Medal - in addition to the Certificate of Commendation and the Lifesaving Ribbon. He said this demonstrates Detective Maso's dedication to the serve the residents of our community and his willingness to help others in their time of need. The presentation of the awards was followed by a round of applause and a standing ovation.

Police Chief Nash then asked Citizen Kyler Lundeen to come forward. Police Chief Nash explained that on August 3<sup>rd</sup> Kyler, who is twelve years old, was returning from church camp in the Swan with her friend Kyla Blixt and they decided to go boating with Kyla's father and brother. When it became apparent that the father and brother were having difficulty swimming, Kyler jumped into the water to take a life vest to them. Police Chief Nash continued by saying that once the swimmers were back at the boat, and Kyla's father was unable to get into the boat, Kyler assisted in holding onto the swimmer's arm while the boat was driven towards shore. He commented that her quick thinking, decisive actions and ability to remain calm in a stressful situation ultimately saved Kyla's father. Police Chief Nash presented Kyler Lundeen with the Certificate of Commendation for a Lifesaving Act by a Citizen. This was followed with a round of applause and a standing ovation.

Police Chief Nash then asked Citizen Kyla Blixt to come forward and join Kyler Lundeen. Police Chief Nash commented that Kyla Blixt is eleven years old and that he was extremely proud and amazed at the heroic efforts that both young girls showed in this situation. He said Kyla recognized that her father and brother were having difficulty swimming and she called 911 and gave the dispatcher valuable lifesaving information. Then when it became apparent that the swimmer would not be able to get back in the boat,

she drove the boat, maneuvering it towards shore, which allowed first responders easier access to rescue her father. He commented that her quick thinking, decisive actions and ability to remain calm in a stressful situation ultimately saved the life of her father. Police Chief Nash presented Kyla Blixt with the Certificate of Commendation for a Lifesaving Act by a Citizen. This was followed with a round of applause and a standing ovation (and a few tears of joy).

Police Chief Nash then asked his friend, Shawn Blixt (Kyla's father) to come forward. Shawn Blixt expressed his deep gratitude to his daughter and her friend and said he would not be here today without their heroic efforts. He presented them each with a bouquet of flowers. A round of applause and pictures followed the ceremony.

**AUTHORIZE CITY MANAGER TO NEGOTIATE CONTRACT RENEWAL WITH LINK'S MANAGEMENT, INC.:** City Manager Crossett said the agenda item should have been authorization for a contract addendum. He said the contract with Link's Management, Inc. ("Links") whose President is Roger Wallace runs through December 31, 2013, and this addendum would be for management of the golf course restaurant. City Manager Crossett said the golf course restaurant is an expectation of the golfers and is an integral piece of the golf experience; however it is not a money maker. He said that three seasons ago the City took over management of the restaurant after having nine vendors in ten years run the restaurant. City Manager Crossett commented that one of the problems vendors had running the restaurant is that it is a difficult market to operate in and some of the functions of the restaurant that are needed by golfers are not money makers or in some instances are money losers for a vendor. He commented that on the upside, since the City took over the restaurant, there has been consistently improving service and the expectation that the restaurant will be open each year. This has restored some confidence in the market. The downside is that the labor costs are too high; they need to be in the \$45,000 range for the season. City Manager Crossett said that as a municipality we end up paying more in payroll and benefits since we pay benefits to returning seasonal workers. He said there has been significant discussion on this issue with the Golf Board and there are three options that the City can consider: The City could continue to run the restaurant and continue to try and trim payroll costs. The City has already done some remodeling to the restaurant kitchen that allows someone in the kitchen to see out into the dining room and possibly run the kitchen and dining room at the same time. The second option is to put it out to bid for a vendor to run the restaurant for the upcoming season which runs the risk of someone failing again. Or the third option is to have Director of Golf Roger Wallace manage the restaurant which is the recommendation of the Golf Board and the City Manager. City Manager Crossett said Director of Golf Wallace has an advantage for running the restaurant because he has an interest in both sides of the business and understands the needs of the golfers for the course and the restaurant. City Manager Crossett said he has reviewed a business model with Director of Golf Wallace that would reduce the labor costs and help the restaurant to break-even or make a slight profit. He said if the Commission is agreeable he would negotiate the management of the restaurant with Director of Golf Wallace through his corporation Links Management, Inc. City Manager Crossett said there would be several decision points associated with this process – the main one being the use or sale of the all beverage liquor license. He reminded the Commission that the City has an all beverage liquor license that was purchased for \$55,000. He said it has become increasingly difficult for municipalities to own an all beverage liquor license as the state requires the owner of the license to retain the majority of the liquor sales. City Manager Crossett said this creates a problem for vendors running the restaurant as they need the liquor sales to stay profitable. An alternative is to sell the liquor license and revert to a beer and wine license that is much less restrictive as it allows the vendor to keep the beer and wine sales. City Manager Crossett said the downside is that the golf course would no longer have hard alcohol available. City Manager Crossett said another alternative is to sell the all beverage liquor license to Director of Golf

Wallace. He said there is probably not enough margin in the business to sell the license at fair market value so an option may be to sell it to Links for a nominal amount with some type of buy back provision or first right of refusal whereby the City would buy back the license at the nominal amount if Links no longer ran the restaurant. City Manager Crossett said Director of Golf Wallace is amenable to either option – a beer and wine only license or purchasing the all beverage license for a nominal amount. City Manager Crossett asked the Commission for direction on how to proceed on this point.

Commissioner Campbell asked if the City can have both a beer and wine license and an all beverage license but only sell beer and wine. City Manager Crossett said the State of Montana would not allow us to operate both licenses at the same time. The City would need to put the all beverage license up for sale and then at that point a beer and wine license could be acquired and used. Commissioner Campbell asked if the City could retain the all beverage license but only sell beer and wine. City Manager Crossett said the City could do that, but the constraint of the all beverage license which doesn't allow a vendor to retain the liquor sales would put the City back at square one, running the restaurant.

Commissioner Campbell asked what the license is currently worth. City Attorney Raymond said the last value that he heard was \$35,000, but an all beverage license in our area did sell for \$100,000 so it is difficult to say what it is worth. Commissioner Campbell commented that there are only so many licenses allocated to an area which is what makes the license valuable. City Manager Crossett said that the last time the City considered selling the license several years ago during the height of the economic downturn that the Department of Revenue said the license would be valued at about \$35,000. City Manager Crossett said the Golf Board and Director of Golf Wallace have been asking the membership about having hard liquor available and the general consensus is that the golfers are not necessarily concerned about not having hard alcohol on the course. Commissioner Campbell asked if golfers could bring their own hard liquor to the course. City Attorney Raymond replied that people are not allowed to bring outside alcohol onto the premises which includes the course itself. He said it would require passage of an open container law for the golf course.

Commissioner Campbell asked if a beer and wine license is very expensive. City Attorney Raymond said the City could obtain a municipal golf course beer and wine license for a small fee. Commissioner Campbell asked if Director of Golf Wallace would still consider running the restaurant if he did not get the all beverage liquor license. City Manager Crossett said that it would not be a deal breaker if he did not get the all beverage license and he would be happy with just the beer and wine license. City Manager Crossett said the option to have Links purchase the license was to preserve having hard liquor at the course but the corporation will not pay \$35,000 for the license. City Manager Crossett said the price would be extremely nominal but there would be a buy back provision.

Commissioner Campbell asked if there are statistics on the ratio of beer and wine sales to hard liquor sales at the restaurant over the past years. City Manager Crossett said that he did not have those hard figures but would guess maybe 25% hard liquor and 75% beer and wine sales. Commissioner Lies thought it was closer to a 50/50 split. City Manager Crossett said that when asked if hard alcohol was not available, would patrons have a beer or wine or choose to have nothing, the consensus was yes they would have a beer or wine. Commissioner Campbell asked if the course was still running a beverage cart. City Manager Crossett said yes there are beverage carts and it is one of the highest demands for golfers but it is not a high profit center. The person running the cart makes good tips but it is not very profitable for the entity according to City Manager Crossett. Commissioner Lies said wine sales are a very small percentage of the restaurant sales, approximately 5%.

Commissioner Funke asked if Director of Golf Wallace would get his own beer and wine license if the City decides to sell the all beverage license. City Manager Crossett said that would be an option to look into. Commissioner Lies said he did not think Director of Golf Wallace could readily get his own beer and wine license as they are on a quota basis as well, but a municipality is not subject to the quota limitation. City Attorney Raymond said beer and wine licenses have a certain number that are allowed in a geographic area, so Director of Golf Wallace would be competing on the open market for the license, whereas the City can easily pick up the municipal beer and wine license simply because it owns the golf course. In addition, City Attorney Raymond said the municipal beer and wine license would not have the regulations on revenue that are currently imposed on the all beverage license. He said the Department of Revenue did not like the City leasing out the restaurant to the vendors because of the revenue restrictions on the all beverage license. Commissioner Lies said the loss of gambling has lowered the value of the all beverage license, but as soon as gambling returns to the reservation the value of the license could increase dramatically.

Mayor DeVries commented that she would not be comfortable selling the all beverage license to Director of Golf Wallace for a nominal fee. She and Commissioner Campbell agreed that the license should be put out to bid. Mayor DeVries said her understanding of the law is that the City needs to be the operator of the all beverage license in order for it to be used. City Attorney Raymond said essentially the answer is yes and that is what has been the problem with the Department of Revenue and leasing the restaurant to the various vendors over the years. He said the bookkeeping was difficult and the fact that the vendors were only getting about 25% of the liquor sales was a real problem. Mayor DeVries commented that it probably would not work to have another vendor. City Manager Crossett said that history has shown that vendors need the liquor sales to make it work. Mayor DeVries said she is not sure the Department of Revenue would let us sell the license to Director of Golf Wallace at a nominal fee with a buyback provision. She said it is basically "having our cake and eating it too" as the City would essentially still have control of the license. City Attorney Raymond said he would research this option if the Commission decides to go in that direction. Commissioners Turner and Morrison felt that the City should look into the viability of this option. City Manager Crossett said that staff would flesh that out further with Revenue if the Commission indicated that they had an interest in this option. Commissioner Campbell said that he did not want to just give the license away, but that if it would help the operation of the restaurant he would be willing to do it as long as the City could buy it back and then sell it later. City Attorney Raymond said this was done once before with a buyback provision when the license was being sold and it was approved by the Department of Revenue. Commissioner Campbell asked City Manager Crossett if he would start the negotiations and then come back to the Commission with that information. City Manager Crossett said that would be the process and then he would receive further instruction from the Commission.

**Commissioner Campbell moved to authorize the City Manager to start negotiating an addendum to the current contract with Link's Management, Inc. concerning the operation of the restaurant and possible sale of the liquor license to Link's Management, Inc. with a buy back provision, seconded by Commissioner Turner.** Commission discussion: Commissioner Lies asked if this would be a one year contract that would expire when the current contract runs out on December 31, 2013. City Manager Crossett said that makes the most sense. He said the current contract is renewable for an additional three years on the consent of both parties and does not have to be re-bid. The other option according to City Manager Crossett would be to negotiate a separate contract for the restaurant. He said it seems unlikely that this would be the case since Director of Golf Wallace would probably not want to run the restaurant if he was not running the golf course. Commissioner Campbell commented that Director of Golf Wallace

and his wife did run the restaurant when it first opened. City Manager Crossett said it worked well because they were vested in both sides of the operation.

Public discussion: Paul London said this operation is similar to his business operation – where you need to make money each year in a short window of time. He said the restaurant is a huge amenity to the City and that the City should not “cheapen” the restaurant. He suggested offering the restaurant rent-free to the Cove Deli or Betty’s Diner who could bring people into the restaurant and make the restaurant strong. He feels this is a brain-storming session that needs more time to be considered properly. He said it is important to consider how the restaurant, golf course and pro shop contribute to how the City is represented. Mayor DeVries commented that we are somewhat under a time constraint. City Manager Crossett said this has been discussed and worked on for awhile now. He said he understands how important the golf course is to the economic development of the City. City Manager Crossett commented that the restaurant is a necessity for the golf course, but at the same time golf course restaurants are notoriously challenged in being financially successful with some exceptions. He said that if we had the atmosphere of a more upscale restaurant that it would probably add options for targeting a fine dining market, but at this point we are looking at a way to provide consistent service for the golfing public and make it tenable for whoever is running the restaurant. Paul London commented that if the restaurant will have only one employee that there will be terrible service and no one will go back; perhaps the restaurant needs more employees and great service to build the business up. City Manager Crossett said that what the City should not do is start over but should maintain some consistency by continuing to refine and adapt its business model. Mayor DeVries asked if Director of Golf Wallace has been involved with the restaurant during the last three years. City Manager Crossett said he has been very involved since the City took over the operation of the restaurant. He also commented that Director of Golf Wallace could utilize his other employees in the restaurant which could save payroll expense. Cheryl Wolfe commented that this is an investment that the City has; and similar to the City’s other investments it does not need to make a huge profit or be a cash cow. She said it needs to provide more service and be special, not only to the golfers but to their families and the other businesses that are tied into the golf course. She asked the Commission to invest in the restaurant, increase the service that people receive and thus increase the value. Commissioner Campbell responded that there have been no revenues and that the City is trying to decrease the loss as it has been losing about \$20,000 per year. He said he would be satisfied if it would break even or even have a small loss. He said it is impossible to keep losing \$20,000 per year and provide more service. City Manager Crossett said that the vendors who ran the restaurant lost money and the City lost about \$15,000 per year. Mayor DeVries said it would be good if the general public would start going to the restaurant instead of just the golfing public and she feels this can happen. Commissioner Campbell said that ten or fifteen years ago it was the regular meeting place for noon business meals – it had good service and good food. Cheryl Wolfe commented that there is no other place like it in this area. City Manager Crossett said it takes awhile to build a business. He said it has not been helpful to go through nine vendors in ten years. He said it creates inconsistency and you have to redevelop the confidence in the restaurant. He feels there has been progress made on rebuilding this confidence.

**Motion carried unanimously.**

City Attorney Raymond asked and was allowed to be excused.

**PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA:**

Elsa Duford said that in the minutes of January 23<sup>rd</sup> it stated that the Commission and the City Manager were involved in the work on the vision and mission statement. She wanted to point out that the employees also participated in those workshops. Elsa Duford also recalled a previous meeting where Heather Knutson made the statement that she reserved the right to agree or disagree. Elsa Duford feels this is an important right for everyone. She said she was bothered by the chart attached to the Strategic Planning Workshop minutes under Threats that lists negative politics, naysayers and spiteful people. She said it is too easy to label people who disagree with something as a naysayer. She said that people have many different opinions and she does not like the term naysayer. She said this does not encourage people to express their opinions and it is not conducive to good communications to label people. Elsa Duford said that as the other workshops are conducted, everyone should be open to constructive criticism.

**Mayor DeVries closed the public meeting at 8:06 pm.**

#### EXECUTIVE SESSION

**PERSONNEL/LITIGATION:** City Attorney Raymond returned to the Chambers. **Mayor DeVries brought the executive session to order.** Matters of litigation and personnel were discussed. Council was apprized of pending claims. The City Attorney was authorized to settle a claim regarding the wastewater department on terms certain. The City Manager was excused. The consideration of other claims was tabled pending further developments and consideration. **Mayor DeVries re-opened the meeting, and there being no further business, the meeting was adjourned.**

**The meeting adjourned at 9:45 p.m.**

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Mayor Pat DeVries

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Attest: Cindy Dooley, City Clerk

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Attest: James Raymond, City Attorney