

**POLSON CITY COMMISSION MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
MONDAY APRIL 1, 2013, 7:00 PM**

ATTENDANCE: City Commissioners: Todd Erickson, John Campbell, Mike Lies, Stephen Turner, Dan Morrison, Fred Funke and Mayor Pat DeVries presiding. City Treasurer Bonnie Manicke, City Clerk Cindy Dooley, Street Superintendent Terry Gembala, Water & Sewer Superintendent Tony Porrazzo, and City Engineer Shari Johnson present. Others present (that signed in): George Mahoney, Rory Horning, Elsa Duford, Peter Daniels, Andrew Speer, Karen Lenz, Dennis Duty, Cheryl Wolfe, and Murat Kalinyaprak.

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

Mayor DeVries said Commissioner Morrison was out of town, City Attorney Raymond had sent a letter saying that a family emergency would prevent him from attending the meeting and City Clerk Dooley had informed the Commission that City Manager Crossett would not be in attendance. (Clerk note: Commissioner Morrison later arrived and was seated.)

APPROVAL OF PROPOSED AGENDA: Commissioner Funke moved to approve the proposed agenda, seconded by Commissioner Lies. Commission discussion: Commissioner Erickson commented he felt he could not make vital decisions for the community when the agenda packet is not available until Saturday morning. He said he has a full-time job and needs ample time to research the agenda items. He questioned whether he should make a motion to adjourn and reschedule the meeting. Commissioner Campbell voiced a similar concern as he was out of town all weekend and received his packet on Monday morning. Mayor DeVries said that the agenda included old business that the Commission was already familiar with and also the City Engineer was in attendance to make a presentation and she does not live in Polson. Commissioner Funke said he has spoken to City Manager Crossett about this in the past saying that the agenda packets need to be received no later than Thursday before the meeting. Commissioner Erickson said he would feel comfortable dealing with just the old business. Mayor DeVries said she hoped that the Commission could proceed with the whole agenda as the cash report does not require a vote and information has already been presented at the last meeting about the wastewater treatment plant. She said the only new item is the LaVista Overlook Subdivision Covenant amendment. City Clerk Dooley said she would help with that item as Attorney O'Neill would not be present. Mayor DeVries said she understands the concern. Commissioner Campbell said if nothing else, it makes the point that this is something the Commission needs but he feels the Commission can proceed with the agenda. Public discussion: Rory Horning said that it is also an issue of public notice. Commissioner Lies said there should be 48 hours notice for the meeting. **Commissioners Campbell, Lies, Turner, and Funke voted aye. Commissioner Erickson voted nay. Commissioner Morrison absent. Motion carried.**

CONSENT AGENDA:

A. MARCH 14 – MARCH 29 CLAIMS

Commissioner Campbell questioned the charges for the Parks Department for electricity from Mission Valley Power, in particular the amount of \$194.50 for Riverside and the Skate Park. Water and Sewer Superintendent Tony Porrazzo said that amount might be for the coin-op and should be charged to his department. City Clerk Dooley will see if this needs to be coded differently. (Clerk note: Commissioner Morrison arrived.) **Commissioner Campbell moved to approve the consent agenda, seconded by**

Commissioner Lies. Commission discussion: None. Public discussion: None. **Motion carried unanimously.**

COMMISSION MEETING MINUTES MARCH 18, 2013: Commissioner Lies said he had glanced through the minutes and Commissioner Campbell said he had read the minutes. **Commissioner Campbell moved to approve the City Commission meeting minutes of March 18, 2013, seconded by Commissioner Funke. Commissioners Campbell, Lies, Turner, Morrison and Funke voted aye. Commissioner Erickson voted nay. Motion carried.**

OLD BUSINESS

APPOINTMENT OF CITY MANAGER SEARCH COMMITTEE BY WRITTEN BALLOT: Mayor DeVries said she had received information from City Attorney Raymond indicating that the Commission could vote by written ballot and then tally the ballots, but the 5 members selected would then need to be approved by a vote of the Commission. There were several applicants present at the meeting including George Mahoney, Tony Porrazzo, Cindy Dooley, Peter Daniels and Melita Fonda. Melita Fonda indicated that she wished to withdraw her name from the applicant list as she was feeling committed to other things and could not devote enough time to the committee. Mayor DeVries accepted her withdrawal. Mayor DeVries said that the City Clerk checked with the Lake County Elections office and each applicant is registered to vote in City elections and lives within the City limits. Each Commissioner received a written ballot and was asked to select 5 applicants. The results were: **Commissioner Lies:** Peter Daniels, Cindy Dooley, Steven Eschenbacher, John Hane, George Mahoney; **Commissioner Campbell:** John Hane, Jane Irwin, George Mahoney, Tony Porrazzo, Judy Preston; **Commissioner Funke:** Peter Daniels, Cindy Dooley, Ruth Hodges, Jane Irwin, George Mahoney; **Commissioner Turner:** Gino Caselli, Ruth Hodges, Jane Irwin, George Mahoney, Tony Porrazzo; **Mayor DeVries:** Cindy Dooley, Steven Eschenbacher, Ruth Hodges, Jane Irwin, George Mahoney; **Commissioner Morrison:** Gino Caselli, Steven Eschenbacher, Jane Irwin, George Mahoney, Tony Porrazzo; **Commissioner Erickson:** Gino Caselli, Cindy Dooley, Steven Eschenbacher, John Hane, Ruth Hodges. The tally was George Mahoney – 6 votes, Jane Irwin – 5, Cindy Dooley – 4, Steven Eschenbacher – 4, Ruth Hodges – 4, Gino Caselli – 3; John Hane – 3; Tony Porrazzo – 3; Peter Daniels – 2; and Judy Preston – 1. The Commission selected the 5 with the most votes: George Mahoney, Jane Irwin, Cindy Dooley, Steven Eschenbacher and Ruth Hodges. **Commissioner Funke moved to appoint George Mahoney, Jane Irwin, Cindy Dooley, Steven Eschenbacher and Ruth Hodges to the City Manager Search Committee, seconded by Commissioner Turner.** Commission discussion: None. Public discussion: Ken Avison asked if the Commission would consider selecting an alternate. Mayor DeVries said she would like to just have the 5 for now and then if someone drops off the committee the Commission would come back to the remaining applicants to select a new member. Commissioner Campbell said the Resolution does not call for an alternate. Mayor DeVries commented that the committee contains one city employee which is allowed by the Resolution. **Motion carried unanimously.**

NEW BUSINESS

CITY TREASURER/CITY CLERK CASH REPORT FOR FEBRUARY 2013: City Clerk Dooley presented the cash report package for February 2013. She said as previously discussed at the last Commission meeting, this is considered an inside balancing within the Black Mountain Software system. She commented that all of the functionality within the Black Mountain system is now being utilized which includes an interest allocation document. City Clerk Dooley reported that the General Ledger has a

balance of \$4,907,475.91. An add back adjustment is made for payroll liabilities that have been deducted from the cash but have not been paid such as unemployment insurance and workers compensation which are paid on a quarterly basis. She said the adjusted general ledger balance is \$4,938,680.11. City Clerk Dooley said there are two bank accounts at Glacier Bank – an operating account and a repurchase agreement. The operating account has a zero balance because each night the account sweeps to an overnight investment account. The other account is the repurchase agreement account that holds the money and then sweeps it back into the operating account to cover checks that have been written. She said there are adjustments made for deposits in transit and outstanding checks and that combined with the other investments which include two certificate of deposits (CD), an Edward Jones Money Market account and a First Citizens Bank savings account and the petty cash and cash drawers, the balance is \$4,938,680.11 which balances with the adjusted general ledger balance. She said the package includes the Black Mountain Software Bank Reconciliation and Cash Report and to verify amounts she included bank statements and bank printouts on the CDs. City Clerk Dooley reported a balance of \$317,594.56 in the General Fund and noted that there have been decreases in the enterprise funds cash balances as they are using fund balance (Clerk note: prior year net revenues) to fund some projects which was previously explained at budget time last fall. Mayor DeVries asked if this would be a quarterly report and City Clerk Dooley said it would be a monthly report. Commissioner Erickson asked what a sweep account is. City Clerk Dooley replied that each evening the bank takes all the money in the operating account and sends it out to an overnight investment account to earn interest. The repurchase agreement account then holds that money until the operating account needs the money to cover checks that have been written and money is swept back into the account. George Mahoney asked if there is security for the investment accounts and how much is pledged. City Treasurer Manicke said the investments have 100% security with pledged investments from the banks and noted that the statute only requires deposits to be 50% pledged and felt this was very generous of the banks to provide 100% backing. Mayor DeVries noted that the security is over and above the amount that is protected by FDIC insurance. Mayor DeVries asked how often the pledged securities are updated and City Treasurer Manicke said each time the City trades securities.

APPROVE AMENDMENT TO LAVISTA OVERLOOK SUBDIVISION DECLARATION OF RESTRICTIVE COVENANTS: City Clerk Dooley said Attorney Matt O'Neill would not be attending the meeting and explained the information that she had available to the Commission. She said that when the LaVista covenants were drawn up, they contained a clause indicating that the City needed to approve any amendments to the Covenants and that City Attorney Raymond said this was the case and the Commission would need to approve the amendment. City Clerk Dooley also read a letter from Attorney O'Neill that was received earlier in the day. This letter referenced a conversation between himself and Building and Planning Official Joyce Weaver who expressed her concern that the City should not be in the business of approving covenants for homeowner associations. As a result of that conversation, Attorney O'Neill drew up a waiver that would waive the City's obligation to approve the LaVista covenants. Commissioner Campbell said the information was confusing and he was not sure about the number of signatures obtained. City Clerk Dooley said there was a typo in Attorney O'Neill's original letter in the second paragraph: the word owners should have been omitted as he only needed to obtain signatures for 75% of the lots and not 75% of the owners. City Clerk Dooley said there are 33 owners but only 11 signatures needed to be obtained to represent the lots. Commissioner Lies said that in the packet, some of the signatures are on individual sheets because those had to be mailed to people that were not in Polson. Commissioner Campbell said that the amendment on the height restriction is more stringent than the City's regulation, so he said that if the homeowners are in agreement, then he feels the City should approve the amendment. City Clerk Dooley said her conversation with Building and Planning Official Weaver is that the City should not be involved in approving covenants. Mayor DeVries said she

had mixed feelings about it because these covenants were originally approved by the City and there is a stipulation that any amendments must also be approved by the City. Mayor DeVries asked if the waiver would be just on this amendment or all amendments going forward. Commissioner Campbell asked Commissioner Erickson if he was comfortable with making a decision on this and Commissioner Erickson said he had not had time to thoroughly review it. **Commissioner Campbell moved to table the agenda item until the Commission has more time to review it, seconded by Commissioner Lies.** Commission discussion: None. Public discussion: Rory Horning said that if there is a change to what the Commission would be voting on in regards to an agenda item that the public needs to be notified of this in advance. Mayor DeVries agreed. **Motion carried unanimously.**

AUTHORIZE CITY MANAGER TO SOLICIT A REQUEST FOR PROPOSALS (RFP) FOR ENGINEERING SERVICES: Water and Sewer Superintendent Porrazzo said that City Engineer Shari Johnson had created a handout showing how a headworks facility works and also a larger printout of the timeline for easier reading. He said he and City Engineer Johnson met with EPA (Environmental Protection Agency) officials last Wednesday at the lagoon and it went very well. He said the EPA will back the City, and not fine us "to death" if the City shows good faith and the timeline is followed for installation of a headworks facility and mechanical treatment plant. Water and Sewer Superintendent Porrazzo said the EPA may allow the recent \$40,000 fine to be used towards the project. He thanked City Engineer Johnson for re-opening the communication with the EPA. City Engineer Johnson pointed out where we are at on the timeline which is the meeting with EPA, which she also said went very well. The EPA officials were given a copy of the timeline and it was established that the lagoons are not meeting the EPA standards and that the City cannot continue to incur fines over the next five years. She said the timeline will probably be used as a compliance schedule by the EPA and as long as the City shows good faith, the EPA will try to keep fines to a minimum. Water and Sewer Superintendent Porrazzo said the EPA officials were very impressed with our projections and forward thinking and it made them very happy to see a small community making this kind of commitment. City Engineer Johnson said the next step on the timeline is completion of the headworks facility and then the mechanical treatment plant. She explained that the headworks facility is a screening mechanism that removes grits, sticks, rags, and other types of solids and then grinds those up and puts them in a bin for removal to the dump. She said this helps the lagoon system because presently some of those items flow into the lagoon, take up space or become sludge which impairs lagoon efficiency. City Engineer Johnson said it is imperative that there is a headworks facility with a mechanical treatment plant as there cannot be any solids present, particularly if a micro membrane reactor is installed. She said that in order to stay on the timeline, the City needs to obtain engineering services to design the headworks and treatment plant facilities now. The City would advertise in April for the engineering services and then make the selection in May. She said the City would only negotiate a contract for the headworks facility at this time because the design of the treatment plant does not need to take place until 2014. She said the treatment plant part of the project will be designed to coincide with the grant cycles which occur every two years. City Engineer Johnson said the City could build the headworks facility with existing cash in the Sewer Fund as the project would cost between \$1 - \$1.2 million but City Treasurer Manicke and City Clerk Dooley are looking at alternatives which include low interest loans for part of the headworks construction. Water and Sewer Superintendent Porrazzo said the headworks facility will not be in a grant cycle so there is no reason to delay. He said the engineering cost is estimated at \$70,000 and will be paid out of cash on hand and that the other portion will come from a combination of cash on hand and loans that are being worked out by City Treasurer Manicke and City Clerk Dooley. City Engineer Johnson said the State Revolving Fund (SRF) does offer a program similar to a grant which is a loan forgiveness. This program is a rate-based program and the City would probably qualify but she said recently the federal money for this program has been redirected to large projects in other states so there are no guarantees, but it is being looked into.

She said the vote this evening would be for approval of an RFP to hire an engineer. Commissioner Campbell asked how the engineer would be selected. City Engineer Johnson said the services of M & K Consulting group will be used to evaluate the RFPs regarding financial soundness, litigation problems, and other issues. She said a City committee would then interview the engineers and make a selection. Water and Sewer Superintendent Porrazzo said there will be almost a month between the advertising and the selection process so there will be time to put a selection committee together. He said the selection process will mimic what was done for the Tiger Grant because it was an excellent process. He hoped that Commissioner Campbell would be part of the committee. He said the committee should include another Commissioner, himself, City Engineer Johnson, Assistant Superintendent Ashley Walker and possibly City Attorney Raymond and City Manager Crossett. Commissioner Erickson asked what a forgiven loan is. Water and Sewer Superintendent Porrazzo said that the City previously received one of these loans on the reservoir construction, and basically you use the money for its intended purpose and then the SRF pays off a portion of the loan on the City's behalf. City Engineer Johnson said the forgiven portion can be as high as \$500,000 for wastewater projects and \$300,000 for water projects. She said that the forgiven loans are subject to federal legislation which could remove the provision and also as she stated before, money is currently being redirected to other states with large projects in the \$10 - \$20 million range. City Treasurer Manicke said she has worked with the SRF and they are a very friendly organization and very helpful and she would be in favor of working with them. **Commissioner Erickson moved to approve the solicitation of requests for proposals for engineering services for the wastewater headworks facility, seconded by Commissioner Funke.** Commission discussion: None. Public discussion: Rory Horning said the City Manager is suing the City for breach of contract which is considered a termination of his contract and is asking for \$27,000 in severance pay and he is wondering how, if the City Manager considers himself terminated, the Commission can authorize the City Manager to solicit the RFP. **Motion carried unanimously.**

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

City Treasurer Bonnie Manicke requested additional time to address the Mayor and Commission which was granted. She said the 1977 City election was her first venture into public office when she ran for City Treasurer and she discovered a passion for public service. In 1982 the City Treasurer's position became an appointed position and she has served twelve mayors, two City Managers and two interim City Managers during her time as City Treasurer. City Treasurer Manicke said that during the period of 1979 to 1982 the City's investment interest rate was in the double digits, reaching a high of 17.5% on six month short-term investments. The rates then began a steady decline in 2007 and are now at a rate of less than ½ of 1% for one-year certificates. Prior to the decline, she said the higher interest rates generated \$150,000 to \$200,000 in interest earnings that was allocated to all of the funds. City Treasurer Manicke said in the mid 1980s SID (Special Improvement District) No. 24, Woodbine Estates Subdivision annual assessments were delinquent for several years. Lake County deeded the lots to the City due to the delinquencies and she and Mayor Jim Jones sold unimproved lots in blocks of 5 for \$25,000 each to prevent the SID bond issue from defaulting and to protect the City's bond rating. City Treasurer Manicke said in 2010 the Streetscape project was completed that revitalized the first 5 blocks of Main Street. She said a Streetscape Advisory committee was appointed by the City Commission and worked with City staff to help with the design and secure funding for half of the project. She said the total project cost was \$1.5 million with \$750,000 coming from property owners in the SID district who will pay annual assessments for 15 years on an SID bond. She commented that visitors to Polson the last two years have complemented the Streetscape project. She said the benches, decorative lighting and floral baskets provide a unique setting. City Treasurer Manicke said that during the past 36 years a number of goals have been achieved, but a personal goal has been tucked into the background. City Treasurer Manicke announced that she would

be retiring from the City Treasurer position in May, 2013. She said her most rewarding experience has been the association with the public, her co-workers and the local financial institutions. She said the local financial institutions have been very supportive of the City's projects and have provided the City with very competitive short-term interest rates. City Treasurer Manicke said some of that camaraderie may have come from her eleven years in the banking industry which gave her the experience to negotiate for the City. She thanked the Commission for the opportunity she has had to serve the community with integrity and respect. She thanked the finance department for all their support over the years and appreciated the networking of the public officials, department heads and employees. She said she has enjoyed working with City Clerk Dooley this past year and commented that they are a great team. (Clerk note: Bonnie, you will be greatly missed!). She sincerely wished everyone success in the challenges facing our growing City and advised the City to utilize the public funds with wisdom – pass a budget, stay within that budget and use the funds to the best advantage possible. In conclusion she thanked her family for their unending support as she spent a lot of time at City Hall and has attended a lot of evening and special meetings during the Streetscape Project to achieve those goals. She commented that she will not be a stranger to City Hall. A standing ovation and round of applause followed. Mayor DeVries thanked City Treasurer Manicke for her years of service.

Street Superintendent Terry Gembala said the Skyline project will start again on April 15th and there will be changes this year. He said Skyline Drive will be restricted to one-lane traffic and there will be pilot cars to direct traffic which will cause waiting times. He said that LS Jensen has had some management changes and recently asked Lake County if the road could be closed off completely. Lake County would not agree to that but did agree to the one-lane traffic. Street Superintendent Gembala said to expect delays up to 20 minutes. It will be publicized in the paper but he wanted to give the Commission and public some advance notice. Commissioner Erickson asked if questions could be directed to Street Superintendent Gembala. Street Superintendent Gembala said he would do his best to answer questions and those that he can't answer will be sent on to the County Commissioners. He said that complaints that have come to him are taken to the County Commissioners for them to handle since it is their project.

Murat Kalinyaprak said he had requested information on the sewer land lease with the Tamsco building owner about a year and a half ago and he received the information several months ago. He said the information shows that when the owner of the building was eleven months behind on the lease, the City Manager had sent him a demand letter requesting payment. He said he inquired about the current status and found out that nothing has been paid and now almost two years have passed. Murat Kalinyaprak asked how that could happen – that the lease payment could be unpaid for almost two years without the Commission discussing it and taking action when there is an enforceable contract.

Cheryl Wolfe said wastewater treatment is probably the best reason we have a City. She appreciated that the City is trying to keep the lake and river as beautiful as they are. She said she is not complaining about paying for the sewer treatment, but she said it is documented that one of reasons we need the new plant is the need for increased capacity. Cheryl Wolfe said that when the impact fees were lowered it was commented that this was shifting the cost of increased capacity to the existing users. She said she is pointing this out as an example where the existing users are being asked to pay more and entities such as the new Wal-Mart, the Aquatics Center and subdivisions will be paying less and she feels this is not fair.

Peter Daniels said he would like to know more about what Mr. Kalinyaprak said and see it on the next agenda if it is in fact correct information and it is the Commission's responsibility to do something about it.

Mayor DeVries closed the public meeting at 7:58 p.m.

EXECUTIVE SESSION

PERSONNEL/LITIGATION: Mayor DeVries brought the executive session to order. Matters of litigation and personnel were discussed. Mayor DeVries re-opened the meeting, and there being no further business, the meeting was adjourned.

The meeting adjourned at 9:10 p.m.

Mayor Pat DeVries

Attest: Cindy Dooley, City Clerk