

**POLSON CITY COMMISSION BUDGET WORKSHOP MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
THURSDAY, JUNE 28, 5:00 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 Clerk Cindy Dooley, Police Chief Wade Nash, Assistant Police Chief Clint Cottle, Streets Superintendent Terry Gembala, Building & Planning Official Joyce Weaver, Fire Chief John Fairchild, Parks Superintendent Karen Sargeant, Water & Sewer Superintendent Tony Porrazzo, Director of Golf Roger Wallace, and Golf Course Superintendent Pat Nowlen present. Others present (that signed in): none

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

Mayor DeVries asked everyone to get a plate of food prior to the start of the workshop.

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

Commissioner Erickson arrived and was seated.

PRELIMINARY EXPENDITURE BUDGET WORKSHOP FOR NON-PAYROLL EXPENDITURES:

City Clerk Dooley presented a short PowerPoint presentation entitled “What is a City” that showcased many of the wonderful amenities that Polson offers in contrast to the idea of what government is, but with the realization that government is really the people trying to do their best to make Polson a wonderful place to live.

City Clerk Dooley started the presentation by explaining the proposed capital improvement plan that is part of the preliminary budget. A capital improvement fund is allowed by MCA 7-6-616. A capital improvement fund allows for the transfer of excess money from any source into a capital project fund to be used for the replacement, improvement or acquisition of property, facilities, or equipment that costs in excess of \$5,000 and that has a life expectancy of 5 years or more. A capital improvement plan must be formally adopted by the commission and is a rolling 5 year plan.

City Manager Crossett thanked City Clerk Dooley for putting the PowerPoint together and for the work on the workshop budget. He turned the presentation over to the department heads to explain their department’s proposed non-payroll budget requests. He commented that we still need solid revenue figures so the personnel budget has not been worked on at this point.

Police Department: Police Chief Nash gave an overview of his department’s activities since he became Chief of Police in January. One of the main issues facing the police department at this time is the many events that come to Polson during the summer months and the large increase in population that occurs during the summer. There has been an increased interest in setting up concerts and other events like this that require police services. Chief Nash said they are looking at utilizing their volunteers to a greater extent to handle services for some of these events to take pressure off of the regular force and ease finances. Chief Nash recently attended a training in Great Falls on “Policing in the 21st Century” that

suggested using volunteers to a greater extent to handle crowd control ,park patrols and logistics. It enhances community interaction with the police department which has positive benefits. Chief Nash has implemented a community safety and education officer who will setup neighborhood watch programs, a citizen's academy, and generally provide education to the community on crime prevention. A significant drug seizure that was a combined effort between Lake County and the City's law enforcement has provided additional funds for the Drug Forfeiture fund. The Northwest Drug Task Force was abandoned in 2005 and there has been an increase in drug related crime. Chief Nash would like to start a K-9 unit that he said could pay for itself through increased drug seizures. The force would like to start its own in-house training program and have a training officer to cut down on the cost of travel and other expenses related to outside training. Each officer is required to have 40 hours of training over a two year period. The program would bring in teachers to present programs and would charge a fee to offset the costs to help build the program. The department held its first in-house training recently with 39 attendees from area departments. Chief Nash would also like to start a vehicle replacement program that does not require taking out loans to buy vehicles. Presently there are four cars with over 100,000 miles and the national standard for safety is to replace them at 80,000 miles. Chief Nash would like to budget money in the Police Safety Levy fund to purchase two cars each year. This would create a program where vehicles were being replaced every six years and the old vehicles would have sufficient trade-in or sale value that could be used to offset the cost of adding equipment to the new vehicles. The department would also like to setup a program to systematically replace the MDTs (Mobile Data Terminal) laptops in the police vehicles by ordering 4 new laptops each year instead of having to replace all the laptops at once due to obsolescence and software changes that would require financing. The fuel budget line has been increased due to rising costs for fuel. Commissioner Turner asked where the City purchases its fuel. Police Chief Nash replied that it is purchased at the various gas stations in Polson on a fuel credit card. Commissioner Turner suggested that the City look into having the local stations bid on the fuel cost to save money. Chief Nash was in favor of looking into this. Chief Nash said that the animal control officer position has been a divided position. The current animal control officer also does many other police duties so the separate budget for animal control is being eliminated and combined with the regular police budget to reduce accounting and budgeting headaches. Chief Nash concluded by saying that the preliminary budget is conservative and fiscally responsible but also provides for the future of the department by starting capital replacement programs. Commissioner Campbell asked if their vehicle replacement program would fit in with the capital improvement plan. Chief Nash said that this first year they would not contribute to a capital improvement fund because they have a contingency with the COPS grant. The department is currently funding one officer through the COPS grant which will be in the third year of a three year program in FY13. At the end of the grant program the department needs to pick up the salary expenditure and will need to look at ways to fund that. City Manager Crossett said the Police Safety Levy money is being placed in its own fund for FY13 so unexpended budget money that otherwise would add to the general fund balance will now be added specifically to that fund to build up working capital. City Clerk Dooley added that the fund change is being made for accounting purposes as the Police Special Levy money source fits the definition of a special revenue fund. Mayor DeVries asked if the dispatch services contract would remain at \$35,000. Chief Nash said that the County has indicated they will not raise it for the upcoming budget year. This is still much more economical than the City having its own dispatch service. Mayor DeVries said she attended a workshop that stressed the importance of starting the capital improvement plan to systematically replace vehicles and equipment and avoid financing purchases.

Streets Department: Street Superintendent Gembala explained the challenges of his department over the next few years. There is a 21 year old furnace in the shop that needs to be replaced and the shop building is showing its age. Particularly the garage doors need to be systematically replaced over the next three

years. Some of the doors are falling apart and basically beyond repair. The truck and equipment radios will need to be replaced because the FCC is switching to narrow band use instead of wide band use. The radios can't be reprogrammed so will have to be replaced. Street Superintendent Gembala would like to setup a capital improvement fund for purchasing large equipment such as new dump trucks. This will provide money for down payments or total purchase costs to reduce financing costs. Superintendent Gembala said that buying used equipment often brings with it the previous owners problems and can end up costing more in the long run. Superintendent Gembala said the other constant issue is finding funding to improve the streets. City Manager Crossett commented that it has been helpful to be able to do projects in-house such as the trail project at Riverside Park and Sacajawea Park. Street Superintendent Gembala said the demands on the Street Department have been increasing and making sure there is a full staff for plowing in the winter is of utmost importance. Other employees with CDLs (commercial drivers license) from the police department have helped out but there is a need for a full time employee during the winter months. City Manager Crossett said that the final budget will include a proposal to share a 1.0 FTE (full-time equivalent) between the Streets Department for four months and the Parks Department for six months. This is a cost-effective way to increase the manpower. Commissioner Campbell asked if employee Mike Johnson's wages were still being split. City Manager Crossett said the wages are no longer split; the Parks department pays all of the wages. Commissioner Campbell commented that this is a good department for setting up a capital improvement fund. He commented that the capital improvement plan (CIP) gives the general fund departments the incentive to save on their budget items so that at the end of the year they can transfer money into the CIP fund to purchase the equipment that they really need. He commented that every year he has seen city, state and federal governments spend every dime of their budget just so they won't lose it and the CIP plan could prevent that. Street Superintendent Gembala said that they are always looking for ways to cut costs. He said the recycling program has allowed them to get rid of one dumpster and over time this savings will add up. Mayor DeVries commented that the proposed gas tax that Lake County is looking at could help to fund street improvements. Missoula County is currently working on a gas tax proposal. Street Superintendent Gembala explained that according to State law this would be a maximum 2 cent tax charged by all gas stations in Lake County. The money would be shared 50% with Lake County and the remaining 50% split among the cities of Polson, Ronan, and St. Ignatius. City Manager Crossett clarified that the City needs a street improvement plan as opposed to a street maintenance plan which involves spending money beyond what the operating budget can support. He said that a street inventory completed by the department indicates that a majority of the streets in Polson have been built on substandard road bed, so in order to improve the streets it will be very expensive. In addition to a gas tax, the City could create a street maintenance district or a special improvement district to fund the improvements. A resort tax is also an option but it was defeated the last time it was presented to the voters. Citizen Rory Horning asked what the street-cut permit fee is that is listed on the PowerPoint slide. Street Superintendent Gembala said the City used to ask citizens to post a bond when they had to cut into the street for improvements or repairs. These bonds were held for a period of time and if the street was returned to its original state the bond was released back to the citizen. City Manager Crossett said it has been difficult to collect on those bonds when the citizen defaults on their responsibility so the City is now charging a fee to make street cuts and this money will then be used to repair street cuts where the citizen defaults on their responsibility to return the street to its original state instead of the money coming out of the street operating budget. Street Superintendent Gembala said the Street-cut application will now be part of all building permit packets to help insure compliance with this.

Planning Department: Building and Planning Official Weaver commented that her department's budget is very close to last year's budget figures. She referred the Commissioners to the line items that have additional notes that will provide better tracking of budget expenditures. She stated that the planning

department has had some good news in the last six months as two stagnant condominium projects (Timberwolf and Vicwood) have come before the Commission for residential subdivision processing and a commercial one lot subdivision was approved in Ridgewater. Hopefully this will provide additional revenue for the FY13 budget year. The Polson Development Code re-write is continuing. There is a volunteer committee facilitated by City Manager Crossett who is tracking all of the points and findings. The budget was not used in FY12 and is being rolled over into FY13 in anticipation of independent contract fee invoices from Dave DeGranpre for his assistance in the re-write. There will also be additional costs associated with the public hearings that will start when the re-write committee has finished their work. The Planning department also wants to start a capital improvement fund for the purchase of a vehicle and a map and plans plotter. Currently the planning department is sharing a vehicle with facilities but many times that vehicle is unavailable due to employee training travel needs. The planning department currently gets their maps from the Lake County GIS office but it is sometimes difficult when there is a need for a specialized map for the City and the information sometimes does not coordinate with the County's GIS information. Mayor DeVries and Commissioner Campbell asked what the budget amount of \$42,372 is for the medical payback. City Clerk Dooley said this was a Black Mountain Software problem and she tried to catch all of these, but apparently this one was missed. Mayor DeVries asked whether the plotter could be used by the other departments. Building and Planning Official Weaver said that this would be used by parks, water and sewer and the street department as well. It will require training similar to other equipment purchase training. Parks Superintendent Sargeant said that the City is well on the way to having the training and equipment necessary to use the plotter. The parks and water and sewer departments have portable devices for GIS and a laptop for using the GIS data. City Manager Crossett said that in FY14 the City may need to take on an additional full-time staff person for the planning department if the workload increases. Currently assistant Cora Pritt is splitting her duties between the building and planning departments and the finance department.

Fire Department: Fire Chief Fairchild thanked the Commissioners for hearing the departments' proposals. He said the fire department experienced an average year for calls with a total of 229. The department currently has 41 very valuable volunteers. The department just completed an ISO (Insurance Services Office) fire suppression rating evaluation. The results will be available in four to six months. The ISO rating affects the insurance rating for property owners. Looking to the future, Chief Fairchild said there will be a need for a larger fire station in a better location. The parking situation and traffic light at the current station are a problem and increase the response time. During April through September, the in town traffic is also a problem for navigating the fire vehicles. The City will also need satellite stations at each end of town as the population grows. This is not needed right now, but in the next five to ten years this will be necessary. Fire Chief Fairchild would like to develop an on-site training facility so that the fire department can reduce travel costs and increase the fire suppression rating. Contributions have already been set aside in a fund for this purpose. Chief Fairchild is looking at grants that could be used for this purpose. The City purchased a used ladder truck this year and Chief Fairchild thanked the Commission for their help in securing this vehicle. The fire department needs to purchase new batteries for radios and pagers this year. This will be about \$5,000. In addition turnouts will need to be replaced and a hydrogen cyanide detector should be purchased. Hydrogen cyanide is one of the more deadly gases and can cause the same symptoms as a heart attack. Chief Fairchild would like to setup a capital improvement fund for large purchases. The SCBA's (self contained breathing apparatus) bottles need to be replaced. They are only good for 15 years and one half would be purchased in FY13 and the other half in FY14. The command vehicle for the Fire Chief needs to be replaced and the CIP fund could accumulate money for a down payment or purchase of this vehicle. Fire Vehicle #312 is also approaching its estimated life of 25 years and will need to be replaced as-well. Fire Chief Fairchild reminded everyone

to please thank the volunteer firefighters for their efforts. Chief Fairchild thanked the Commissioners for their time and for the tough decisions they need to make during the budget period.

Parks Department: Parks Superintendent Sargeant said she is responsible for a total of nine funds and will try to condense her presentation to give the highlights of the Parks department budget. The non-personnel budget numbers bottom line has not changed from FY12. Accomplishments for the Parks department include the Skate Park which attracts international visitors and the Travis Dolphin dog park which is a fenced off-leash area for dogs. The playground has been resurfaced at Riverside Park which also solved a drainage problem there. At Boettcher Park, shelter #1 has been replaced, a new roof has been put on the bathroom and the swing benches have been upgraded. Parks Superintendent Sargeant said good partnerships have been forged over the last eight years; including the Farmers Market and their relocation to downtown, Lake County Solid Waste and the recycling program, the CSKT and Salish Point Park, and the Polson business community. Mayor DeVries asked if the Parks department maintains Salish Point. Parks Superintendent Sargeant responded that the department cares for all of the land structures and maintaining the grass area. The CSKT is responsible for maintaining the docks and other water structures. This past year Mike Johnson attended a school on Resource Management Planning in Port Townsend, Washington that Parks Superintendent Sargeant also attended and taught classes at. They will be working on developing resource management plans for each of the parks. The plan is multi-faceted and takes into account budgeting, staffing and structures and calculates the amount of time it takes to maintain individual structures. GIS capabilities will be used to create maps for the irrigation systems and other facility systems to make the information more readily available for now and the future. The Parks department would like to participate in the CIP program for future capital purchases. There is also a need for a concessions business plan. There has been an increased interest from vendors wanting to sell food and rent out recreational equipment at the parks. The Parks department has immediate needs that include close monitoring of the fixed costs that include electric, fuel and oil and telephone costs. There is a need for GIS training that will help all of the City departments. Currently the Parks department has an intersection maintenance person that is a .5 FTE. This position would be developed into a full time position shared with the Street department for 4 months and the Parks department for six months. This position could also have crossover between the two departments during the year. This position will reduce overtime and comp time for both departments and increase department head time for planning, revenue source and partnership development. The service levels have been increased at the parks and the public has responded favorably and Parks Superintendent Sargeant wants to be sure the City maintains those levels. In the future, a recreation component will need to be added to create a Parks and Recreation department. This is not an area that Parks Superintendent Sargeant specializes in so additional staff would need to be added. In addition to playgrounds, the public is asking for more ball fields, soccer fields and those types of recreation facilities. The various associations care for those fields now, but the City will probably take over that job at some point. A plan needs to be developed for systematic replacement of vehicles and equipment. The Parks department will need a larger maintenance and storage facility as the program expands. She also would like to add more training for staff to keep up with the latest trends and developments in park maintenance. Commissioner Campbell asked where the revenue would come from to support the FTE addition. Parks Superintendent Sargeant responded that there is \$3,000 from the water department that is paid for maintenance at the lagoon, approximately \$3,000 from park shelter reservations and an average of the overtime and comp time that could be saved which is about \$2,500 that would be directed toward this position which would leave about \$1,400 that is not covered. City Manager Crossett said the savings for the Street department would come from not hiring outside help at a higher rate of pay. Street Superintendent Gembala said that it takes at least eight hours to plow all the streets using three employees at this point. Mayor DeVries asked about the hanging basket fund expenditures for FY12. Parks Superintendent Sargeant said that the employee went directly

to Jackie Cripe who works on the beautification committee for the Chamber of Commerce and asked for a raise unbeknownst to Sargeant. Also watering was increased due to maintaining the bump outs on Main Street. Mayor DeVries asked if all expenditures are reimbursed in this fund. Parks Superintendent Sargeant said that all personnel and fuel costs are reimbursed by the Chamber of Commerce.

Water and Sewer Department: Water and Sewer Superintendent Porrazzo said that the current projects are all very big. The department has completed the Main Street project and Skyline Phase I. Phase IIB of the Skyline project is ongoing. There are two projects on Skyline – one is Skyline Drive which is a rebuild of the road over to the back side of Skyline and Skyline By-pass which is the removal of the water line that came down Skyline Drive and running it through Karen Claffey’s property all the way down to Woodbine. Two phases of that project have been completed which took care of many of the water pressure problems that have been experienced. The pressure has been reduced to a much more manageable level. There has been a huge improvement also for the water modeling as lines have been replaced from the reservoirs to the high school to cure low water flow problems during peak activity. When Phase III is completed, there will be another water modeling done to assess the results of the improvements. One PRV (pressure reducing valve) needs to be replaced from the Phase I project because it was not American made. Water and Sewer Superintendent Porrazzo said that work is continuing on the Riverside Addition project replacing mains and water and sewer lines and adding new lines. The storm water project is the next big project. The Stormwater fund currently has a negative cash balance that will take about two years to recover, so the Sewer fund basically loaned the fund money to get the necessary projects completed on Skyline and Main Street. Water and Sewer Superintendent Porrazzo has been working on a plan to upgrade and maintain all of the approximately 400 fire hydrants in the City. It is a low priority project but is becoming more necessary. Flushing the hydrants is expensive both in manpower and use of water and can introduce problems into the water system. The hydrants cost about \$3,200 each which equates to about \$320,000 to replace 100 hydrants. Commissioner Campbell said that in his experience there is difficulty shutting them off once they have been opened. Mayor DeVries asked if the ISO checked any of the fire hydrants on their recent visit. Water and Sewer Superintendent Porrazzo said they did find some problems with hydrants that got shut off and were never turned back on and new hydrants that have never been turned on. The Water and Sewer department is using the GPS system and Park Superintendent Sargeant’s training in GIS to assist employees with mapping the hydrants for this project. Another project that is being addressed is collapsing sewer mains. The department’s new camera can pinpoint cracks in the mains and collapsed lines. Collapsed sewer lines can cause homeowner damage and in a twelve block area such as the Riverside Addition this is a major cost. The City’s insurance company wants the water and sewer department to be more proactive about this. Commissioner Campbell said that once a problem is discovered and the City is aware of it, it has to be fixed. Water and Sewer Superintendent Porrazzo said that the budget is going to climb in the next few years as the City is dealing with a 100 year old system that is starting to fail. The sewer pumping system is in good shape as almost all the old lift stations have been replaced. The Federal and State government’s TMDL (total maximum daily load) project to reduce pollutants into rivers, lakes and streams will cost the City a significant amount of money. Bigfork’s project cost about \$6 to \$8 million and the estimate is about \$10 million for Polson. City Manager Crossett said that an action plan is being developed for short-term, mid-range and long-term action goals. Commissioner Turner asked how the City is checking Steve Jensen’s per lineal foot cost on jobs, since we are not going out to bid on any of these smaller projects. Water and Sewer Superintendent Porrazzo said that he has received bids for each job, but that Steve Jensen’s bid is usually the lowest. He further commented that many of the excavators have left the area or their crews are too small to handle the jobs. Commissioner Campbell asked for clarification regarding the bids. It is his understanding that on the small jobs we are not using a formal bidding process but just calling around for bids. Water and Sewer Superintendent Porrazzo said that is

how the small jobs are being handled. Commissioner Campbell is in favor of this since it keeps the work in Lake County. Water and Sewer Superintendent Porrazzo commented that you can't beat Steve Jensen's price or his work. The first phase of the TMDL rules will be coming out in July and will begin to affect Polson. Cities north of Polson have already had to deal with TMDL issues because their stormwater was dumping into the Lake. Polson has been dumping into the river so the implementation has been delayed.

Golf Pro Department: Director of Golf Wallace congratulated the City and Commission on having one of the finest public golf courses in the Pacific Northwest. Tourists that travel and play many courses will tell you that this course is easily the best. The City has extremely low season pass rates. There are only three golf courses in western Montana that are charging less than Polson. The course has helped to raise approximately \$30,000 annually for charities to fund their causes and has also helped the Junior Golf program for beginners through advanced students. The staff receives constant positive feedback about the condition of the golf course, the quality of service and the general experience they have playing at the course. Director of Golf Wallace laid out the challenges that the department faces including maximizing revenues to meet the current and future replacement and depreciation schedules that have been set up. The season pass rate structure may have to be looked at in conjunction with this. The best comparison course is Buffalo Hills in Kalispell. They have the same setup with a standalone 9-hole course and a continuous 18 hole course, a small restaurant and golf shop and they have about the same number of season pass holders. In 2011 they charged \$674 for a season pass and no discount for couples and the City charged \$443 in 2011. The goal has been and will continue to be to provide the best value for the golf experience. There is also preliminary work being done on debt restructuring to free up working capital for replacement and depreciation projects. The golf department is servicing about \$127,000 in debt each year. The restructuring could free up about \$30,000 each year for projects. Work is ongoing to develop the restaurant model so that it has a positive impact or at least no impact on the golf department revenues. Director of Golf Wallace has met recently will several entities on bringing corporate golf events to the Polson course next year. This has fallen off in recent years due to the economic slump. These events used to garner \$15,000 to \$20,000 in revenue for the course so it is good news that they may be coming back. Director of Golf Wallace will have Golf Course Superintendent Nowlen give more information on the expenditure side of the budget. Overall there is not much change for FY13, but there will be more impacts in future budgets.

Golf Maintenance Department: Golf Course Superintendent Nowlen outlined the major expenditures facing the golf course in the next 5 years. The major expense will be the replacement of the 9-hole course irrigation system. It has been fixed piecemeal over the years and this will not continue to work. The control system is barely under the ground surface so the 9 hole side can't be aerated without destroying the system. Also, there is no way to isolate problems - for example when an irrigation head breaks and has to be fixed; the entire irrigation system is down. The replacement project will cost about \$450,000 to \$500,000 to replace the system. The project would need to be done after Labor Day to avoid a disruption in golf revenue so the earliest the project could be started would be in the fall of 2013. The second nine hole irrigation system was installed in 1988 and with a projected 35 year life span this will need to be replaced around 2023 so the City needs to begin setting money aside for this. Golf Course Superintendent Nowlen said there are a lot of aging building structures that are costing more each year to maintain and need to be replaced. Superintendent Nowlen has a fairly detailed replacement and depreciation schedule that has budgeted approximately \$70,000 each year for equipment replacement and he said this needs to be bumped to \$90,000 per year. In the last several years only \$40,000 has been spent each year so the department has fallen behind the schedule by \$60,000. The golf infrastructure also needs upgrading including resurfacing and restriping the parking lot and planning for the replacement of

greens that range from 13 to 74 years of age. The cost to replace the greens is about \$50,000 each. Water and Sewer Superintendent Porrazzo said that as part of the irrigation replacement his department would like to once and for all remove all the old water and sewer lines that run under the old nine and re-route them down Bayshore Drive and cut across from there. Mayor DeVries asked if the project would be done in one year or split across two years. Golf Course Superintendent Nowlen said it would not be economically feasible to try to do it in two seasons – it is best to shut the course down and complete the project all at once.

Building Department: City Manager Crossett said the City is currently contracting for building inspection services through the summer. There is a contract with DBS Engineering from Kalispell to provide the services for a percentage of the fees that are collected. There has been increased building permit activity lately. A permanent building inspector will be hired in the fall.

Administration & Finance Departments: The major budget change will be the separation of services between elected officials, administration, finance and facilities to better track the costs for these services. There has been a slight increase in property and liability insurance and there was only a 1% increase in health insurance costs. There is additional work that needs to be done on the HVAC system in City Hall and the network server installation needs to be completed. This project has been in the budget for several years and has not been able to be finished. Projects have been completed to bring the City Hall doors into compliance for emergency exits and handicap access. City Manager Crossett thanked the staff for their work on the various City projects.

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

None.

The workshop adjourned at 7:20 p.m.

Mayor Pat DeVries

Attest: Cindy Dooley, City Clerk