

**SPECIAL MEETING - CITY COMMISSION MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
MONDAY, JUNE 29, 2009 6:00 P.M.**

ATTENDANCE: City Commissioners: Jim Sohm, Jules Clavadetscher, Mike Lies, Elsa Duford, Fred Funke present. Bruce Agrella absent. Mayor Marchello presiding. City Manager Todd Crossett present. City Attorney James Raymond absent. Others Present: Lee Manicke, Bonnie Manicke, Marilyn Trospen, Jackie Gran, Tony Porrazzo, Karen Sargeant, Doug Chase, John Fairchild, Jenna Cederberg.

Mayor Marchello called the meeting to order and the Pledge of Allegiance was recited.

APPROVAL OF PROPOSED AGENDA: Motion made by Commissioner Sohm, seconded by Commissioner Funke, to approve the proposed agenda. Motion carried unanimously.

6:00 P.M. PUBLIC HEARING

FISCAL YEAR 08-09 BUDGET AMENDMENTS - Provide for additional appropriations from fund reserves, unanticipated revenue and previously unbudgeted revenue that will fund the appropriations. (MCA 7-6-4006): City Clerk Aggi Loeser explained that the budget amendment is required to account for certain expenditure object lines, which exceeded the budgeted amounts. However, none of the funds exceeded their total expenditure budget amount, except for a few new funds that were opened for unexpected revenue from donations that were received from which expenditures were made. As of June 24, 2009 after posting the budget amendments the general fund had a remaining unexpended budget expenditure amount of \$500,122.71. Commissioner Clavadetscher and Commissioner Lies expressed concern over the number of lines that were over budget and thought that it was a lot more than in prior years. City Clerk Aggi Loeser explained that the department heads prepare their budget lines to the best of their knowledge and even though there are a number object lines that are over budget, they have all stayed within the total amount they budgeted for expenditures. She explained that it is important to record expenditures in the appropriate object lines rather than where there is budget remaining, because it gives a more accurate review of expenditures for determining the required amounts to budget for consecutive fiscal years. Commissioner Lies asked why the impact fee funds have gone over budget. Aggi Loeser replied that the Impact Fee Review Committee approved the refund of impact fees for Gehrand Bechard and Mark Nunlist's project called Polson Meadows, which they decided not to proceed with. The refund amount was not anticipated and therefore needed to be reported as an expenditure in the affected impact fee funds. Commissioner Duford asked what the panic button was for. Police Chief Chase replied that it is for the safety of the Police and Court Clerk and the City Judge because there are a number of irate people who have displayed hostile behavior and it was felt necessary to install the button for their protection. Commissioner Duford noted that the window in the City Manager's office was more than \$863.00 as shown on the report in line the General Fund 1000 411200 299. Aggi Loeser explained that the amounts shown in Exhibit "A" are the dollars in excess of the budgeted amounts and not the total cost of the item listed as the explanation.

This public hearing was adjourned at 6:25 p.m.

6:30 P.M. - PUBLIC HEARING

FISCAL YEAR 09-10 PRELIMINARY BUDGET AND INCREASE IN PERMISSIVE MEDICAL MILLS \$10,514 - The final fiscal year 2009-2010 budget will be adopted by the City Commission within 45 days after the taxable valuation is received by the City from the Department of Revenue. (7-6-4021): City Manager Todd Crossett explained that the budget presented tonight is a preliminary budget prepared under James Raymond's supervision as Acting City Manager and reflects a balanced budget; with projected revenues equal to or more than the projected expenditures. The City was notified by the Department of Revenue that the tax revenue figures will be provided possibly as late as September. Tax revenues from May and June collections are not reflected on the reports provided and there is a lot of information we don't know at this time. He thanked Aggi Loeser for preparing the departments' budget packets and the Department Heads for taking time to meet with him and to help him get familiar with their departments' budgets. He noted that this budget is only preliminary and was prepared with conservative estimates for both revenues and expenditures, in order to provide a balanced budget. During the meetings with the department heads some of them expressed additional items they needed to add to their expenditure budget. Therefore, over the next few months, with more solid tax revenue projections, he will work with them to finalize the budget. Commissioner Clavadetscher stated that the preliminary budget is safely in balance by underestimating revenues and over estimating expenditures. However, he does feel that the expenditures need to be budgeted realistically such as sufficient overtime hours for the police department. It is currently budgeted at seven hours per month per employee and over the years overtime has been running at about ten hours per employee per month. He recommended increasing that expenditure line. City Manager Todd Crossett agreed that the expenditures need to be realistic or the departments will go over budget. Commissioner Clavadetscher explained that he, Todd Crossett, James Raymond, the Tribes and MDOT recently met at the Tribal Complex and discussed MDOT's plans to revive the US Highway 93 Transportation Plan Project that was originally proposed years ago. They all felt that it is a worthwhile project and that the City's share of \$10,000 should also be included in the budget. Another budget change that might be necessary in light of the reduced revenue in the Building Department is to place the portion of the Planning and Zoning Official's payroll expenditure that is being paid out of the Building Department and move it into the General Fund to reduce the Building Department's expenditures. Also, some of the new expenditures in the General Fund such as the lobbyist and grant writer could be removed to accommodate pay raises to avoid losing valuable employees. He questioned why the Police Department included the purchase two police cars in this preliminary budget when they purchased three police cars last year, and the annual loan payment for two of those cars is in this year's budget. City Manager Todd Crossett replied that those comments are well taken and he will continue to work with the Department Heads on revising and balancing the budget. With expectations that the tax revenues will be lower this year, all departments were asked to cut 15% of their fiscal year 07/08 actual expenditure budget. Commissioner Sohm said he agreed with Commissioner Clavadetscher's comments and is not sure how accurate the revenue projections are and he felt the department heads should be ready to cut their budgets and make sure there are no surprise expenditures. Commissioner Duford explained that there is a difference between want and need. She noted that Social Security is not giving a cost of living increase this year and they need to consider all the residents of the City and keep the expenditures low. She suggested that the City of Polson might need to cut back like Columbia Falls was reported as doing. Jackie Gran, Library Board Trustee, stated they had a great meeting with Todd Crossett to review their preliminary budget, and had good communication. There were a few items they found were

missing from the preliminary budget. She explained that in the payroll budget one full time library employee was removed from the General Fund and placed in the Memorial Fund, which is a restricted fund. This was done without input from the Library Board. They had also asked for increased hours for Mary O'Brien to be full time, which was not included in this preliminary budget. They also had requested that the summer student be included in the General Fund as it was last year. They hope that the expenditure numbers get back to what they used to be. She stated that the Library was recently notified that they would have to pay for their water use and that the meter will be read, although they were not aware that the Library had a water meter. They have never been charged for water use in the past and she asked if the City Commission would consider waiving the amount and she asked if that is a new mandate for the City. Commissioner Sohm suggested that they meet with Todd Crossett and come to an agreement on changes to the budget. Jackie Gran stated she wanted them to be aware of the missing employee in the General Fund. Commissioner Clavadetscher asked if Todd Crossett had any questions. Todd Crossett said he hopes to set up a specific fund for major projects and purchases, which would carry a balance from year to year and accumulate funds for capital expenditures. Water and Sewer Superintendent Tony Porrazzo explained that since the Library building already had a meter, he did plan to activate the account and start billing but the main idea was to record the water usage for any City facility that has water and/or sewer service. Although he realizes that it is up to the City Commission to decide to bill the departments for their use. Commissioner Clavadetscher explained that the main idea was to find out the usage by placing meters at unmetered city facilities but he would like to see the report of usage before they make a decision to bill the departments and he wants to be able to give the departments advance notice. Tony Porrazzo replied that he will install meters in all City buildings and facilities and provide the City Commission with a report of water usage by the individual City departments. His main goal is to keep track of the water use and he felt the bills would let the department's know how much they are using. Commissioner Clavadetscher agreed that all City facilities should be metered but the departments need to know before they start billing them for water and sewer service. He asked that Todd Crossett work with Tony Porrazzo to communicate with the department heads on this issue.

7:00 P.M. - CITY COMMISSION MEETING

RESOLUTION #994 – FISCAL YEAR 08-09 BUDGET AMENDMENT: Motion made by Commissioner Clavadetscher, seconded by Commissioner Sohm, to approve Resolution #994 Fiscal Year 08-09 Budget Amendment as allowed by MCA 7-6-4006. Motion carried unanimously.

APPOINT TODD CROSSETT TO 2 YEAR TERM AS CITY MANAGER PURSUANT TO SECTION 3.01 OF THE CITY OF POLSON CHARTER: Motion made by Commissioner Sohm, seconded by Commissioner Funke, to appoint Todd Crossett to a two year term as City Manager pursuant to Section 3.01 of the City of Polson Charter. Commissioner Duford asked to see the contract that Todd Crossett signed. Mayor Marchello explained that the City Commission approved the salary and the benefits and gave the City Attorney direction to finalize the contract. Commissioner Lies stated that he would hate to see another \$20,000 mistake in the contract. Commissioner Duford asked if there was some reason the contract wasn't signed sooner and felt they should wait until the next meeting until they all see the signed contract. Commissioner Sohm explained that the salary was established along with the benefits, the term and duration of the contract was approved by the City Commission and said he is not aware of

any changes. City Attorney James Raymond was directed by the City Commission to get the contract signed and feels if there were changes to what they agreed he would have let them know. **Motion carried unanimously.**

CITY MANAGER COMMENTS: City Manager Todd Crossett said he enjoyed getting started as City Manager. He enjoyed meeting with the department heads and appreciated their time to help him gain an understanding of the budget. He and Commissioner Clavadetscher and City Attorney James Raymond recently attended the Tribal Council Meeting and discussed the Highway 93 potential realignment for which MDOT has set aside \$200,000 for funding the project. They asked that the Tribes, City and County join in partnership with them to fund the corridor study to provide a more wholistic future need. MDOT is asking each entity to provide a 25% match which \$8,500 and feels it is timely and a worthwhile future investment for the City. He noted that the resort tax revenues are significant and very well used by towns competing for tourist dollars, which has no impact on local citizens but would increase the City's resources. The cap to be able to implement a resort tax is set by statute at 5,500 population, therefore proceeding on the implementation of a resort tax for the City of Polson is timely with the census figures to be updated next year, if that is the will of the City Commission. He noted that he recently had a good discussion with the Library Board while they met on the Library's preliminary budget. They agreed to collaborate to work out issues, identify and get long term funding, to ensure that the Library District will have more secure funding. He recently attended the League of Cities and Towns District Meeting in Kalispell with Commissioner Clavadetscher and found the meeting very informative. It was mentioned there, that the last assessments were done six years ago and the new assessments show that Lake County has the highest tax increase in the whole state. Since the mill rate is adjusted and has a budget cap the impact on the property owners should be reduced. He stated that he is looking forward to working with the City Commission and staff in his new job as City Manager. The City Commission welcomed him aboard.

PUBLIC COMMENT ON MATTERS OF SIGNIFICANT INTEREST TO THE PUBLIC NOT ON THE AGENDA: No comments were made.

Meeting adjourned at 7:15 p.m.

Lou Marchello, Mayor

ATTEST: _____
Aggi G. Loeser, City Clerk