

**POLSON CITY COUNCIL MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
MONDAY, JULY 1, 2013 7:00 P.M.**

ATTENDANCE: City Commissioners: Todd Erickson, John Campbell, Stephen Turner, Mike Lies, Dan Morrison, Fred Funke and Mayor Pat DeVries presiding. Interim City Manager Karen Sargeant and Human Resource Director Ardrene Sarracino. City Attorney James Raymond absent. City Staff: Finance Officer Cindy Dooley, Water & Sewer Superintendent Tony Porrazzo, Building Inspector Mike Howke, Streets Superintendent Terry Gembala, City Engineer Shari Johnson, Parks Worker Forest Niemeyer. Members of the community: Rory Horning, Rick Lapiara, Alice ?, Michael Brandt, Rick Smity, Elsa Duford, Heather Knutson, Paul London, Jill Southerland, Deane Speer, Mark VahugUy, Caroly Palmquist, Andrew Speer, Gondon, Zimmerman, Dave DeGreandpre, Lou Marchello, Jules Clavedetcher, Lee Manicke, Margie Hendricks, Bob Murdo.

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

APPROVAL OF PROPOSED AGENDA: (02:10) Commissioner Campbell moves to accept the proposed agenda, seconded by Commissioner Turner. Commission discussion: None. Public discussion: None. **Motion carried unanimously.**

COMMISSION MEETING MINUTES JUNE 17, 2013: (02:33) Commissioner Campbell moves to accept the meeting minutes, seconded by Commissioner Lies. Commission discussion: Spelling errors. Public discussion: Elsa Duford asked a question regarding the second reading of Alcohol Ordinance 664, page 5 and what the penalty is because it was not stated. City Manager Sargeant stated the ordinance is based on another and this year the public will only receive warnings. Sargeant stated the penalty will be put into words and enforcement will start Jan 1, 2014. Mayor DeVries adds that the ordinance will be enforced in 2013, but the City will only issue warnings for this year. Sargeant adds that education will also be conducted this year. Margie Hendricks makes corrections on her statements from the last meeting minutes. She states that she spoke for three minutes on zoning annexation and that she also submitted her comments in writing. She would like her comment to be corrected and to read: *“The City had not been transparent about flawed water well permits for over the past 15 years and that citizens needed to be informed as to how the issue involving the Cities water rights were negotiated in the water compact which is under review by the Compact Water Committee.”* **Motion carries unanimously.**

CONSENT AGENDA JUNE 12 – JUNE 25 CLAIMS/ FY 13-14 ALCOHOL BEVERAGE LICENSE APPROVAL: (05:53) Commissioner Lies moves to accept the claims, seconded by Commissioner Funke. Commission discussion: None. Public discussion: None. **Motion carries unanimously.**

CITY MANAGER COMMENTS: (06:33) City Manager Sargeant starts out saying “Happy Canada Day.” Sargeant continues with information on the first official Ice Rink Committee meeting held on June 24 at 7:00pm, where they chose a chairman, vice chairman, secretary and treasurer. She stated that the committee is excited about getting started. The committee will start by looking at what amenities will be needed for the facility in order to determine what the foot print will be, which will help in determining the size needed. Then the committee will start searching for a location.

The Donagon house fire test results are all negative for asbestos, which were very surprising to Sargeant, but very good. The results were given to Lake County Solid Waste and Tribal EPA as requested by them. The house was completely removed as of this past Monday. The Donagon’s

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are in the process of rebuilding and placing a modular home on site. After they obtain a building permit, the Donagon's will have six months until they will have to be out of their motor home and living in the house. This incident has established a protocol and precedence for situations like this. City Manager Sargeant commended Inspector Howke and Fire Chief Fairchild for their diligence and hard work creating and resolving this situation. Commissioner Campbell asks if the testing expenses will be charged back to homeowner. Sargeant stated it would, at the same time the weed taxes get turned in. She also stated Mr. Donagon is aware of the expense and asked that he be responsible for them. Sargeant stated the test amount was less than two thousand dollars.

At a staff meeting the Department Heads discussed the 4th of July parade and had concerns about avoiding conflicts, regarding the distribution of candy. The solution is to not throw the Candy; the participants will walk on the sides and toss the candy under handed to children. No one is to ever throwing candy because of safety issues when and where it lands. Many MT towns have stopped the distribution of candy all together because of insurance issues.

Matt Kester of Fisher Industries had given Sargeant notice of an up coming girder delivery from Libby to Monroe, WA; which turned out to be less climactic than expected. The girders are not as big as anticipated, but the trailers that they are hauled on are as long as expected.

The girl's youth 14's soccer team won the state championship 2/1 against Missoula and earned a ride on ladder truck 317 in the 4th of July parade. Polson the smallest market in the MT soccer club fielded four teams in the state championship, which is very impressive. The girls and boys spring youth 14's and 16's were the four teams. Sargeant recommends support for youth soccer and for a state tournament qualified soccer field; she mentions that this will bring full hotels and restaurants to Polson as it did in Great Falls.

There has been a reorganization in the front office with Cora Pritt accepting the position of City Clerk, of which she has been in training for the last three years. An advertisement has been placed for an Assistant Building and Planning Clerk to back fill the position recently filled by Miss Pritt.

An update on the City manager search: Prothman sent a draft profile to the City, which was edited, corrected and sent back last week. Input was gathered from the Committee and all City staff. All applications need to be submitted to Prothman directly on their web site, none will be accepted at City Hall. There will also be a link on Cities web site.

The annual report went to the auditor today. The auditor informed Sargeant that he will be coming to do the annual audit soon.

City Manager Sargeant asks for a moment of silence for 19 fire fighters killed. The all men hotshot crew was out of Prescott, Arizona and called the Granite Mountain Crew. Monsoon season more likely caused the winds to shift and blow the fire back on top of them, they did not have a big enough safety zone and the flames were 50-150 feet high.

BOETTCHER PARK BUILDING MURAL DESIGN: (16:00) Forest Niemeyer a seasonal parks employee presents the mural concept and design to council. Forest represents the consortium of artists planning the Boettcher park mural, a consortium made up of Forest Niemeyer and Crystal Walker who are volunteering their time, talent and energy to this project. A mock up of artist representation was presented for viewing. The mural has a pirate theme, representing the lake as the treasure. The backdrop is the lake with a map overlay and text "Boettcher Park and Polson Parks and Recreation". Mayor DeVries states the rendering is very nice. Forest states the mural will have a varnish coat exterior, which will help maintain it. If vandalized it can be cleaned back to the varnish coat without harming the mural. Forest states the estimate for paint and supplies is \$500 dollars and the time frame is July 15th through the 18th.

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City Manager Sargeant states Interim Parks Superintendent Johnson has cleared and cleaned the area and bushes in front of the wall; as well as had the dumpsters moved to different location. Sargeant stated there are future plans to paint another mural on the storage building and that the Parks Department bought the needed paint and supplies. **Commissioner Campbell moves to approve the proposed mural plans, seconded by Commissioner Turner.** Commission discussion: None. Public discussion: None. **Motion carries unanimously.**

AUTHORIZE MANAGER TO EXECUTE DESIGN-BUILD CONTRACT FOR THE RIVERSIDE PARK TO SACAJAWEA PARK WALKWAY & WEST PIER REPLACEMENT PROJECTS TO MCCRUMB CONSTRUCTION, INC. IN THE AMOUNT OF \$715,000, BASED ON RECOMMENDATION FROM THE POLSON REDEVELOPMENT AGENCY (PRA): (20:53) Ken Avison starts by stating his appreciation for all the hard work to Shari Johnson, Karen Sargeant, Bob Murdo, the Committee, Tom McDonald, the Tribes and many others, too many to name; then turns the floor over to Shari Johnson.

Engineer Johnson states that items 7 and 8 go together and gives a brief overview. She states that Bob Murdo will speak about the bond, there are displays put together by Fred and Paul; there are cost schedules for review and mentions how hard the committee has worked.

Engineer Johnson starts with the west fishing pier and the issues with ice, that there are no formal standards to follow and consequently no monetary number on the value of the dock. The best solution is to use the best practical experience known about Flathead Lake; taking into consideration the wind, wave and ice action; noting the constant fluctuation of the weather.

The West pier display (Polson City Dock) is drawn with full ADA standards for fishing and walking. The purpose of this dock is to get people from the park on the north side of bridge to the other park the south side, making it a safe path for kids and adults to cross under the bridge, and not over Highway 93. The dock is made wide to accommodate bikes and strollers, and will be fully lit. The project is long and the intent was to finish it this year, which is impossible; it is more complicated than anticipated with construction and water level issues. Engineer Johnson has been working with McCrumb and the rest of the team on the design-build process and when contract approval is received the creation of the steel panel sections of concrete can start. These panels will be built off site for quality assurance.

Engineer Johnson continues with the August update, stating that the north path project will start in the fall, if timing allows. The Polson City Dock assembly will start simultaneously, on both sides of the bridge. The plan is to stay out of the way of the swimmers, until they are done for the summer. Work in the swimming area will start when the lake gets to low pool. The cribs have been removed, before high water set in, the safety buoys are up and the test pilings installed, which will help check ground resistance. The project is expected to be ready by Memorial Day 2014. The goal is to get this project approved. Attorney Raymond has been consulted and has reviewed the contract.

(30:12) Bob Murdo is serving as bond council for City and speaks about the current bond. He states that the bond is an Urban renewal tax increment-financing bond, revenue bond. With the incremental tax amounts available every year for the district. The first year the district was created was 2003 and the 2002 tax base was used. The ordinance created was 591. As the taxes go up the increment gets set aside to pay for the bond and so the City can rely on those revenues in future years, this makes the bond a revenue bond. With the information gathered by Finance Officer Dooley a resolution was created, so far the City has received \$213,295 dollars in tax increments, \$86,143 in 2013 and is projected to receive \$101,500 in 2013. Some of the concerns

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are if the property values decrease or if property is sold to Tribal trust lands, then they are taken off the tax roles. The City is expected to easily receive \$86,000 - \$100,000 in 2013.

Refer the draft resolution and the budget on page 2, section 108 of the recital, for a description of the different items. The total the PRA wants the council to look at is a bond issue up to \$900,000. This is made up of the contract for \$715,000, contingency of \$86,500 (if all of the money is not needed, it can be used to pay down the bond term), a reserve of \$43,500 (over ½ of 1 years payment to bond holder, to ensure timely payment, from tax payments, if not needed can be used to pay off bond), additional engineering cost of \$30,000 (for Engineer Johnson), structural engineering reviews of \$5,000, bond fees of 10,000 (underwriters discount, 1% loan origination fee, advertising cost).

If the City decides to incur early expenses by buying the steel, it can reimburse itself with the tax increment monies already available, of which \$144,000 is available to use. This bond is considered a negotiated sale (available since 2011), not public sale; the same as the golf course bond. The Cities Finance Officer can negotiate with the banks, which takes about 2-3 weeks. The parameters are in section 3, the 2nd paragraph. It reads that the aggregate principal amount is not to exceed 900K, the purchase price is not less than 99% of the principal amount, the total interest costs is not to exceed 5%, the final stated maturity date is July 1, 2028 (a 15-year bond) and is pre-payable at any time. The PRA recommended a 20-year bond not a 15, which would make the maturity date July 1, 2033.

Commission discussion: Commissioner Campbell asks what the annual payment would be. Mr. Murdo states that this is a fully amortized bond, like a mortgage. In 15 years at 5% the cost is about \$86,000. In 20 years at 5% the cost is about \$71,700. Campbell asks what the worst-case scenario may be on tax collections and that we do not want to use 100% of tax receipts to pay this bond. Mr. Murdo states that this is why there is a reserve. Mr. Avison states that the intent of the PRA was to have extra monies and not use it all. Mayor DeVries has concerns with the 20-year bond in relation to local banks. Mr. Murdo states that this could be a problem but should not be a problem, he has done the same with special improvement district bonds with success. Mr. Clavedetcher mentions he has talked to a couple of local banks a year ago and they are willing to process a 15-year bond with a step up. Mr. Murdo states the bank will charge a higher rate if they are uncomfortable. Mayor DeVries asks if local banks will be used. Finance Officer Dooley states yes and if that does not turn out, the City will go out to bid. Commissioner Erickson asks for clarification. Finance Officer Dooley states if the banks will not meet the parameters the City will go out to bid. Mayor DeVries asks about the cost and time, what will it do to the City? Mr. Murdo states cost wise the City would have to go to additional banks or contact someone like DA Davidsons to ask if they would sell the bond for the City. They would require 1-2% of the total amount of money to market it. Other banks may not cost more unless an underwriter is involved, but cheaper rates may be gained. As far as time is concerned it would take an extra month according to Mr. Murdo. Engineer Johnson talked about the impacts of waiting, signing now and acknowledged the importance of not signing a contract without knowing the bond situation. She stated that is why there will be contingency monies. She states that approval of the contract is conditional on a letter of intent from the bank or full bond actuation and as long as it meets the budget parameter, the steel prices can be locked in. Mayor DeVries asks Gordan Zimmerman for his opinion and if things sound inline to him, he states they are inline.

(01:04) Engineer Johnson summarizes the request stating that the intent is to get authorization to execute a contract now, with a consent letter or with full bond conclusion. **Commissioner Campbell moves to approve authorization of manager to execute on the design-build**

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contract with a letter of intent received from a financial institution, seconded by Commissioner Turner. Mr. Murdo makes a clarification on the bond amount of \$900,000 and Commissioner Campbell agrees. Commissioner Campbell asks that the term be negotiated at the lowest term possible, Finance Officer Dooley agrees. Mr. Murdo clarifies that the bank used will be local and Commissioner Campbell agrees. Public discussion: Rory Horning states that the City if being bound to a \$900,000 bond. Lee Manicke states that the proposal needs to go to the planning board; Ordinance 511 Lake Shore Protection has MCA regulations stating that this should go to the planning board. Mr. Manicke states that projects in the water are regulated by the Tribes, projects outside of the water are regulated by the Polson Development Code and that Attorney Raymond states that these projects do not need to go to the City County Planning Board for review. Mr. Manicke states that Attorney Raymond has sited statutes that do not exist, another that was repealed and that his opinion over looks MCA codes for Urban renewal plans. Mr. Manicke also states that commission and boards are synonymous according to MCA codes and that the Montana code governs, not Polson codes. Elsa Duford does not think it is fair that the Polson taxpayers get stuck with the tax bill when many others outside of the community get to benefit by its use. Jules Clavedetcher reads from Ordinance 591, passed in 1998 for clarification regarding Urban renewal procedures. Mark Palmquest mentions pot holed roads and blight and asks what revenue is expected from this project. He wants to know how this will benefit Polson, what kind of advertisement will be done. Mr. Palmquest also states that steel bridges are high in maintenance, there are safety and utility issues. Paul London supports the project; he thinks this is a great project. Lee Manicke addresses the reading of Ordinance 591.

APPROVE RESOLUTION NO. 1045, RESOLUTION OF THE CITY OF POLSON RELATING TO THE AUTHORIZATION TO ISSUE UP TO \$900,000 TAX INCREMENT URBAN RENEWAL REVENUE BONDS, SERIES 2013; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF: (50:02) Commissioner Morrison moves to approve the resolution, amending section 3 read ‘No later than July 1, 2033’, seconded by Commissioner Lies. Public discussion: Elsa Duford asks about conceptual drawings, they are pointed out to her on the table. She expresses her concerns for the safety of the kids, who may step off the pier into deep breakwaters. She would like to know who will monitor these piers and will there be lifeguards. Elsa Duford suggests the decision be tabled until more discussion is had and the citizens have more time to investigate the project. Rory Horning supports the TIF District process; he states it is good to help blighted areas in the city. The help would generate higher home and land values. He states that the monies are supposed to be available for low-income loans for property owners and this component of the process was never implemented. Mr. Horning states that the monies have been made into a supplemental budget process for the city and the problem is that the funds are being locked away from the residence. Lee Manicke agrees with Commissioner Campbell that the \$85,000 will not support the loan and the effects of a 20-year loan will more likely increase the interest. Mr. Manicke states the school district was emphatic about keeping their bond below 10 years and that 20-years is way to long. He also states that a tax increment is a tax increase and that some or all of the bond should be reduced with the mill levy monies at the end of each term. Mr. Manicke states that the Council should consider cutting the term down for the benefit of the taxpayers. Deane Speer is also concerned about blight and states the resolution of necessity was established on documented blight in the city. She states that the PRA was established to be responsible for the prioritization of the blighted areas. She has read PRA minutes and asks what happened to the Gambles building situation. Deane Speer states this was on the PRA agenda and it was a priority

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according to Mr. Clavedetcher, then every thing stopped and she would like to know why. Rick LaPiana who is on the PRA committee asks what districts the last couple of people represent and if they are in the City limits and do they pay taxes? Mayor DeVries stated that the gambles building was found to be structurally sound. Ken Avison states that originally the PRA was concerned about mold, asbestos and other things regarding the gambles building. He stated an inspection was done, the PRA looked into buying the building or implementing eminent domain, but found that the cost was far greater than the building was worth and they could not determine a use for it. **Motion carries unanimously.**

BUDGET PROCESS PROGRESS REPORT: (01:19) Interim City Manager Sargeant explains the assimilated .50 increase into the budget documents as well as collecting the Department Heads wish list of increases. Pending the revenue monies there is not much more that can be done with the budget.

CASH REPORT FOR MAY 2013: (1:20) Finance Officer Dooley presents the May 31, 2013 report: with an adjusted general ledger balance of \$4,329,252.90 and refers to the reconciliation demand accounts and states that the investments match this amount. The cash report general all purpose fund had an ending balance of \$100,938.43. Not much else changed. This is the low point of the year because the City is waiting for the tax distribution and the fourth quarter entitlement payment (\$142,000) to come in; this will bring the level back up. Mayor DeVries asks if the \$142,000 was still available or if it was taken away at the last legislative session, Dooley states she has not heard either way. **Commissioner Funke moves to approve the cash report, seconded by Commissioner Campbell. Motion carries unanimously.**

AUTHORIZE CITY MANAGER TO EXECUTE LAND SOLUTIONS, LLC, CONSULTING AGREEMENT FOR THE POLSON DEVELOPMENT CODE REWRITE: (1:23) Interim City Manager Sargeant mentions that this item was table at the last meeting because there was not enough time to review the attachment. A timeline was submitted and if it can be completed sooner it will, it is scheduled for completion in February 2015. Commission discussion: Commissioner Turner asks where the process is currently, Sargeant states that it is in committee and a page by page review is being done currently. Commissioner Turner would like to see the document completed by 2014 and not be pushed into 2015. Sargeant states that the process is now being run more efficiently, with members doing their home work and working faster. She suggests the process continue as is. Commissioner Campbell asks what guarantee does the City have that this will be completed on time and on schedule? Dave DeGrandpre suggests that the process is the issue and states that they project this it is 75% complete. This is a major update, it is an old version (1993), the Planning Board is required to review the document. The focus for the presentation to the Planning Board will be to share the controversial issues the PDC encountered. Mr. DeGrandpre suggests having hard deadlines for the completion of this document. Commissioner Lies is dismayed at this process and thinks the time it is taking is ridiculous. Commissioner Campbell suggests adding tasks to the timeline for presentation of progress reports to Council after each deadline. Commissioner Erickson likes the idea of getting scheduled updates including the issues that are come across. **Commissioner Campbell moves to approve authorization for the City Manager to execute the PDC rewrite agreement adding to the contract that a progress reports after each task (1-8) are complete will be presented to Council, seconded by Commissioner Funke.** Public discussion: Andrew Speers would like a copy of the current PDC and he is told that the old version is currently on the City home page web site. The changes will be available after the committee is

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done with their review. Rory Horning suggests that the Council is not getting direct answers, would also like an updated copy and states that public comment is very important and this document directly affects the public. Lee Manicke wants an accurate document and shares some of the difficulties experienced at the meetings and suggests setting a specific schedule for the meetings and conducting them whether everyone is in attendance or not. Commissioner Campbell agrees that a set meeting time and day needs to be implemented. Lita Fonda asks for a review of the copy prices and reminds the Council that the City and the County have to meet and agree on the updated final version. She agrees that the specific meeting times are a good idea. Good meeting minutes would help the process, City Manager Sargeant agrees. Commissioner Lies thinks the City can make copies themselves and save money. Mayor DeVries suggests getting the documents in electronic format. Mr. DeGrandpre states that the number he provided for a copy prices are an estimate only. Superintendent Porrozzo states that many of the copies he has made have cost him about \$58.00. Lita Fonda states a copy is needed when reviewing the document, she asks if color copies are mandatory. Mr. DeGrandpre states that the process needs to be controlled, the committee is made up of volunteers and that his time is greatly discounted. Bob Fulton states he was on the committee for 1½ years and is wondering where the changes that were made are kept and if they exist. Mayor DeVries answers and states that she was told the changes have been preserved. **Motion carries unanimously.**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA: (2:01) Margie Hendricks reiterates her comments regarding well water permits and how she was told she was wrong. She researched Burgerman’s statement and found a newspaper article dated March 6, 2003 and she reads it. She states that City residence have a right to know how their water rights affected City wells and that City residences have a right to know how the compact affects their City water permits. Rory Horning congratulates employees for conducting a fundraiser for the fireworks display, he commented on censorship of the minutes, mentioned some controversy, and made comments about the bond attorney, tribal trust and citizens ultimately paying for the bond. Heather Knudson clarifies that the Chamber of Commerce and the Marine Corp League are responsible for the fireworks this year. She states that all the funds were raised for the 4th of July show. Terry Gembala clarifies that he was collecting for the fireworks fund as a volunteer. Rory Horning made more comments. Tony Porrazzo gives praise to everyone for the positive on going communication.

ADJOURN: 9:08 P.M.

EXECUTIVE SESSION: Closed session on matters of litigation and personnel.

Mayor Pat Devries

Attest: Ardrene Sarracino, Human Resource Director