

**POLSON CITY COMMISSION MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
MONDAY, JULY 19, 2010, 7:00 P.M.**

ATTENDANCE: City Commissioners: Ron Boyce, John Campbell, Judy Preston, Mike Lies, Elsa Duford and Fred Funke present. Mayor Pat DeVries presiding. City Attorney James Raymond present. City Manager Todd Crossett present. Attendance Sheet: Margie Hendricks, Bonnie Manicke, Gerry Browning, Carol Jones, Suzanne Luepke, Ethan Roundy, Murat Kalinyaprak, Irene & Lou Marchello, Karen McMullen, Bob Marsenich, Maren Rae, Susan Evans.

CALL TO ORDER: Mayor DeVries called the meeting to order.

APPROVAL OF PROPOSED AGENDA: City Manager Todd Crossett asked to remove agenda item number 6 stating that they decided to hold off on further action on that well due to recent testing of wells in that area that showed high iron content. They are looking into other potential well sites. **Motion made by Commissioner Funke, seconded by Commissioner Boyce to approve the agenda as proposed with item #6 removed. Motion carried unanimously.**

CONSENT AGENDA: A. CITY COMMISSION MEETING MINUTES - JULY 7, 2010; B. REMAINDER OF JUNE CLAIMS; C. JULY 1 – 15 CLAIMS: Mayor DeVries explained that the TD&H invoices that are included in the claims will not be paid until final review and approval by the City Engineer and Department Heads. Commissioner Campbell asked about the Sandry claim, and if the leak was resolved and if there is enough retention funds to make repairs. City Manager Crossett replied that the leak was repaired and Sandry extended the warranty on the tanks. The engineers Anderson & Montgomery approved the repair and recommended payment with the extended warranty guaranteed by Sandry and there is retainage of funds for repair of the tank if necessary. Commissioner Lies asked to correct the word roofing on page 1 of the minutes to roof. Commissioner Duford referred to the section of the minutes that stated the Mariners were taking parking fees as donations and asked how the people from out of town would know about the refund. Mayor DeVries explained that the Mariners agreed to refund the donations and if any requests came to the City they would be forwarded to the Mariners for payment. **Motion made by Commissioner Lies seconded by Commissioner Funke, to approve the consent agenda item A. City Commission Meeting Minutes of July 7, 2010, with a correction to the minutes as noted, B. Remainder of June 2010 Claims and C. July 1 – 15 Claims, and TD&H invoices to be paid subject to City Engineer Shari Johnson and City Department Head approval. Motion carried unanimously.**

INTRODUCTION OF THE CITY’S TWO NEW CHAPLAINS – WES FOSTER AND STUART BOYER: Police Chief Chase expressed his pleasure to introduce two chaplains into the Police Department. He explained that previously Jeff Kingery kindly assisted them with death notices. The officers had requested that a chaplain be available to them to help in situations that typically create stress such as death notices, divorces, suicide intervention, critical injury and death of officers and loss of team members. Chaplain Wes Foster was in reserve deputy training when the chaplain position came up and he expressed his interest in it. He is the Minister at the Calvary Baptist Church. Stuart Boyer is the Minister at the Christian Military Academy and was chaplain for the Fire Department. The chaplain position was requested by the officers a number of years ago and it has been a struggle to create but he is very glad it has finally become a reality. He thanked the chaplains for their service to the City noting that the position is not highly compensated.

CITY MANAGER COMMENTS: City Manager Todd Crossett noted that Water and Sewer Department Head Tony Porrazzo is back to work after being involved in a bad motorcycle wreck a month ago. He is at work except for physical therapy and doctors’ visits and is able to drive his truck. He would like to thank everyone for the overwhelming support that he received while in the hospital and the recent fundraiser that was held a week ago went very well, and he is very grateful. City Manager Crossett thanked the City staff for keeping things going during his recent two week vacation. He feels it is a good thing that things get done

in his absence and it seemed that a lot of projects got done in his absence. Thanks to Tali Duford, Jackie Cripe and the Polson Business Community the staircase at Riverside Park is now completed. The Tribes and Parks Superintendent Karen Sargeant and her staff worked together to create a path under the bridge from Riverside Park to Sacajawea Park. He is grateful for their determination and hard work in accomplishing the project. Building Inspector/ Project Manager Ron Melvin is evaluating the building next to City Hall and he will report on it at the next agenda. It was initially thought that the upstairs portion would be required to be ADA accessible but that is not necessary unless it is used for public offices. The public hearing on the fiscal year 2010-2011 preliminary budget will be held at the second meeting in August. The tax revenue for June and the taxable valuation from the Department of Revenue have not been received and it is not certain that it will be received by then. Therefore the final budget adoption could be as late as the end of September. The City Commission is required to adopt the budget and the mill levy established within 45 days of receiving the taxable valuation from the Department of Revenue. He met with City Treasurer Bonnie Manicke and City Clerks Kala Parker and Aggi Loeser to review and discuss the City's cash flow. It was determined that there are additional tax revenues to be receipted in June business. The General Fund departments saved \$125,000 from the expenditure budget that was not spent. The General Fund cash balance to carry over into next year is estimated between \$370,000 and \$430,000, which are uncommitted funds remaining from the previous year. There is \$178,000 tax revenue that is owed to the City and last year \$75,000 of the expected revenue was unpaid and \$60,000 was estimated to be collected. The current year estimate of uncollected taxes is \$120,000 and if not collected would result in \$370,000 as carry over for next budget year. The City Attorney is working on trying to recoup the \$50,000 from Westana, which would be a boost for the general fund cash balance. The Streetscape Committee is working hard on that project and more information will be provided as it is an agenda item at this meeting. The medical marijuana issue was brought before the City County Planning Board and they voted not to change the Polson Development Code. The consensus among the board members was to extend the existing moratorium until the legislative vote. A public hearing before the City Commission will be scheduled for the second meeting in August and a vote will be taken at the regular meeting following the public hearing to extend the moratorium. Mayor DeVries thanked City Manager Todd Crossett for his report.

SALES AGREEMENT TO PURCHASE LOT OWNED BY MISSION BAY CONTINGENT ON FINDING WATER: Item removed from the agenda.

EAGLE SCOUT PROJECT TO PROMOTE LOCATION OF ATHLETIC EVENTS AND VOTING AT LINDERMAN GYM BY PAINTING PERMANENT BOOTPRINTS ON 2ND STREET EAST AND 4TH AVENUE EAST AND PLACING TWO SIGNS ON HIGHWAY 93 PENDING MDOT APPROVAL: Eagle Scout Ethan Roundy explained that he would like to promote the location Linderman School Gym for athletic events and voting, as his Eagle Scout Project. He would like to paint 2' by 3' yellow boot prints placing them 15' to 20' apart, on the pavement in the streets leading to Linderman Gym and the prints would straddle the tires of vehicles. He applied for approval from MDOT to place two signs on Highway 93 one at 2nd Street East and the other at 4th Avenue East intersections. The signs would have a picture of a pirate and say "Follow the Pirate tracks to Linderman for voting and athletic events. He received support from Street Superintendent Terry Gembala who offered to donate the yellow paint and he would ask D & D Custom Coatings to donate the signs. Commissioner Duford asked if the paint would wear off easily and require maintenance. Ethan Roundy explained that it is the same paint that the street department uses for the street markings. He will ask the High School Key Club to take on the maintenance of the boot prints as a service project or find another local club to take on that responsibility. Mayor DeVries expressed concern that it might be misleading for the other events, such as track and field and football games that are held at the High School. Ethan Roundy replied that the signs would indicate Linderman School as the location of certain events. City Manager Crossett stated that Street Superintendent Terry Gembala supports his proposed project. Gerry Browning asked how they would be visible in the winter when there is snow cover. Ethan Rowdy replied that the snow is usually plowed from the streets. **Motion made by Commissioner Campbell, seconded by Commissioner Preston, to approve Ethan Roundy's Eagle Scout project to paint 2' by 3' yellow boot prints on 2nd Street East and 4th Avenue East as proposed. Motion carried unanimously.**

PUBLIC RIGHT OF WAY ENCROACHMENT REVOCABLE PERMIT – ALOTTO GELATO 214 MAIN STREET – JIM SOHM: Mayor DeVries stated the importance of maintaining a 5' sidewalk aisle and that the tables not be aligned with the tree wells for ease and safety of pedestrian traffic. She noticed an increasing number of sandwich boards that have been placed on City streets, which should all have permits. Commissioner Duford asked how they will be regulated. Commissioner Campbell noted that annual renewal is required and this is the only permit they received. Mayor DeVries stated that some zones have different rules and they need to work on enforcing the ordinances. Commissioner Lies noted that there are a number of sandwich boards that are blocking the sidewalks. Mayor DeVries said she is convinced the City needs to form a committee to review and possibly revise the rules and regulations and then enforce the ordinance. Building and Planning Official Joyce Weaver noted that the draft document of the Polson Development Code rewrite will be ready next month and includes sign regulations in the different zones. Commissioner Preston suggested that the sign committee should include business members. Lou Marchello, owner of the building, stated that the tables are kept close to the building and that two businesses, Oasis Foods and Alotto Gelato share the same building space but the tables are spaced using the full 50' sidewalk in front of the building. It was questioned if each business requires a permit and City Attorney James Raymond replied that it was not necessary. **Motion made by Commissioner Boyce, seconded by Commissioner Preston to approve the public right of way encroachment revocable permit for Alotto Gelato at 214 Main Street requested by Jim Sohm. Motion carried unanimously.**

MAIN STREET STREETScape RENOVATION PROJECT RECOMMENDATION TO AWARD BID FOR CONSTRUCTION AND RECOMMENDATION FOR FUNDING AND RECOMMENDATION TO AWARD INSPECTION SERVICES: City Engineer Shari Johnson reported that three bids were received, and the lowest bid of \$1,443,330.31 was from LHC, Inc. of Kalispell, which is 8% lower than the engineer's estimate of \$1,541,570.00. The City staff and Streetscape Committee reviewed the bids and they are able and ready to recommend awarding the contract to LHC, Inc. who was the lowest responsible bidder. Other bids were Treasure State \$1,771,283.30 and Knife River \$2,284,463.00. After the bid is awarded by approval of the City Commission she will hold a meeting with the contractor and interested business owners to work out the specifics of the construction project including value engineering, allowable work hours and street closure. She felt that it is important to hire an inspector for a project this size because the engineer and inspector each have their own expertise and working together will allow them to effectively scrutinize and manage the project. Five applicants responded to the Request For Qualifications advertisement for full time inspection services for this project. They estimated a cost of \$30,000 would be workable for the project and the bids received were favorable. She felt that considering the economy this is a good time to be doing a project like this, the bid results were good and the low bidder is a good contractor. Becky Dupuis said they now know the cost of the project. It includes replacing the sidewalks and paving Main Street, improving pedestrian safety, water service connections storm water improvements, street lighting, trees and landscaping preparation for a within the designated district of Main Street. The original SID included repayment of \$50,000 to the Sidewalk Loan Fund, which was used for the initial design. One request is for the \$50,000 to be dedicated to the project so that the full SID amount can be used for construction expenses. Another request is for approval of an additional \$50,000 from the Sidewalk Loan Fund to be dedicated to the project for construction expenses. The Sidewalk Loan Fund currently has \$65,000 and the funds came from loan repayments made on a CDBG housing rehab grant years ago. Lake County donated an additional \$25,000 of their CTEP funds allocation to the project and offered to loan an additional \$100,000 of their future allocation. It would be repaid through a transfer from the City's future CTEP allocations and added to the County's allocation annually. This repayment to Lake County will commit approximately 5 years of the City of Polson's CTEP funds allocations. This was suggested to City Treasurer Bonnie Manicke by MDOT, who encourages such transfers for Cities and Counties to use up their allocated funds, which sometimes accumulate for a number of years. Another request is for approval of using approximately \$40,000 of the 2009 and 2010 City CTEP allocations for the Streetscape project funding. Becky Dupuis pointed out that there are some newer sidewalks that were not included in the project for replacement, as requested by the property owners. The Tax Increment Financing District (TIF) revenue is expected to repay the bond issue. City Manager Crossett clarified that the TIF revenue baseline is

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unknown at this time since it is the first year of revenue for the TIF and the DOR is implementing the software to calculate the tax distribution. City Attorney James Raymond suggested that the wording in the motion to approve the use of the TIF funding for the Streetscape project should be contingent on the actual revenue that will be received. Becky Dupuis explained that they are \$41,000 short of doing all the pedestrian lights, which means they can only do half as many as they had planned, although they may be able to use some of the \$110,000 contingency funds that are set aside if not used toward the end of the project. They are looking for additional donations, which would add to the improvements they can make. Mayor DeVries clarified that the existing streetlights will remain. Becky Dupuis further explained that because Main Street is part of a secondary highway it is regulated by MDOT regarding the amount of light that is required and the decorative lights could not provide for pedestrian and car safety. She noted that more funding options are in the works. Mayor DeVries thanked the Streetscape Committee Members especially Becky Dupuis, Lee Manicke and the City staff including Bonnie Manicke, who have worked so hard on this project and provided a marvelous summary of the project. **Motion made by Commissioner Preston, seconded by Commissioner Funke, to approve the recommendations by City Engineer Shari Johnson and the Streetscape Committee, of the Streetscape funding schedule as presented with an additional \$50,000 dedicated to the project from the Sidewalk Loan Fund and not require repayment of any funds. The extent of the project is subject to the final outcome of the Tax Increment Financing funds received and to award the construction contract for the Main Street Renovation project to LHC, Inc. for \$1,443,330.31; with half the pedestrian lights, -which will be added back into the project using any leftover contingency funds.** Commissioner Preston asked if the CTEP funding could be jeopardized by a cut in the legislative budget. Shari Johnson replied that they recently lowered the percentage of matching funds required from 17% to 13% to make it more affordable for entities to use the CTEP funding for projects. City Manager Crossett stated that the CTEP program has a good impact on the economy. Commissioner Campbell agreed that it is a very valuable program and there are many walk path projects throughout the State of Montana that have been completed using CTEP funds. Commissioner Lies stated that he does not like patch jobs and would like all the sidewalks replaced to make them all look uniform. Shari Johnson replied that the contractors also usually prefer one long sidewalk replacement and the boring for service lines under the sidewalk generally cost more or as much as the sidewalk replacement. She will bring up this issue with the contractor during their value engineering discussion. City Manager Crossett explained that it was certain property owners who requested their sidewalk not be replaced. Commissioner Lies noted that the HCP sidewalk would be out of alignment with the new sidewalk if left as is. It was the consensus of the City Commission to replace all the sidewalks to make them look alike within the project area. Shari Johnson asked who has the authority to make that decision. Commissioner Lies suggested taking the additional funds from the Sidewalk Fund. Commissioner Funke agreed the sidewalks should be the same and they could use the sidewalk funds. It was clarified that the contingency in the motion meant that they would do as much of the project as they could with the funds collected from the TIF district and would go forward with the project even if no TIF funds were available using the other sources of funding. Jerry Browning strongly encouraged the commission to approve the project stating that they had been working for years on this project and over the years have made other downtown improvements with the flower baskets, benches, garbage cans and hosting downtown events such as the Cherry Festival which provides revenue for those projects, and recently the Armed Forces Memorial Staircase was built with donations in Riverside Park. She feels strongly that the downtown businesses are committed to improving the downtown area. She noted that she will personally be paying \$600 to \$700 each year for the next 15 years in SID payments for this project as will the other property owners in the Special Improvement District. Lou Marchello thanked the Commission for their support. Lake County Commissioner Bill Barron said he and Pat Trusler want to help because they feel that the City improvements also reflect positively on the County. Gerry Browning read an article of support for the Main Street Project from the Main Street Magazine. Lou Marchello mentioned the community's hard work to bring annual events to Polson such as the Rodeo, Regatta races, the car show, hoop fest, art in the park and other events. He felt the Main Street improvements would be a great improvement and a worthy achievement to accomplish for Polson's 100th year centennial. The Commission expressed their interest in replacing all the sidewalks in the district. **Motion carried unanimously.**

RECOMMENDATION TO AWARD INSPECTION SERVICES: Shari Johnson explained that the full time professional inspector and she, as the City Engineer, working ten to twenty hours a week as a team, would be necessary to provide adequate inspection for the project. A contract for inspection services was written by City Attorney James Raymond and is paid hourly with a minimum cost of \$30,000. She clarified that the project would take about 115 days. Their recommendation, after checking references, is to hire Tyler Harrod of THINC who she worked with in the past and feels he has a good working relation with contractors. **Motion made by Commissioner Campbell, seconded by Commissioner Lies, to authorize City Manager Crossett to enter into a contract on behalf of the City of Polson for full time professional inspection services for the Main Street Renovation Project with Tyler Harrod of THINC as recommended by City Engineer Shari Johnson and the Streetscape Committee. Motion carried unanimously.** Shari Johnson congratulated the members of the streetscape committee and everyone who has worked over the years to make this project happen.

ORDINANCE #656 – FIRST READING - PROVIDING FOR AUTOMATIC ALTERNATIVE FOR REGULAR MEETING OF THE POLSON CITY COUNCIL – SECOND READING SCHEDULED FOR 8/2 2010; BECOMING EFFECTIVE 9/2/2010. FIRST MEETING IN SEPTEMBER WILL BE HELD WEDNESDAY, 9/8/2010 DUE TO LABOR DAY HOLIDAY: Motion made by Commissioner Lies, seconded by Commissioner Boyce, to approve the first reading of Ordinance #656 providing for an automatic alternative day for the regular meeting of the Polson City Council. Motion carried unanimously.

ORDINANCE #657 – FIRST READING - PROVIDE REGULATION OF THE PUBLIC USE OF MEDICAL MARIJUANA: City Attorney James Raymond explained that this ordinance regulates medical marijuana use in public places and is similar to the open container law currently in effect for alcohol consumption. Building and Planning Official Joyce Weaver stated that at their last meeting, the City County Planning Board recommended that the City Commission decide on extending the moratorium. A public hearing has been scheduled by the City Commission on August 16 at 6:30 p.m. to hear public comment on the extension of the medical marijuana moratorium. A vote will be taken at the regular meeting that will follow the public hearing. She stated that she is in favor of this ordinance. **Motion made by Commissioner Preston, seconded by Commissioner Funke, to approve the first reading of Ordinance #657 to provide regulation of the public use of medical marijuana. Motion carried unanimously.**

JUNE 2010 PRELIMINARY CASH REPORT – FINAL JUNE REVENUES AND EXPENDITURES ARE STILL BEING POSTED – LAKE COUNTY JUNE TAX COLLECTIONS AND JUNE CLAIMS: City Treasurer Bonnie Manicke presented the preliminary Cash Report for June 2010. She clarified that the Tax Revenues from Lake County have not been received due to the additional work involved in separating the Tax Increment Finance revenues that are new this year. All the revenues need to be allocated not only for the City of Polson, but for Lake County and the School District before the June books can be closed. Therefore, this cash report is not final and is for information only. Commissioner Duford asked and Bonnie Manicke replied that the Building Department will end the fiscal year with a negative balance because it has no tax revenue to be received and has no additional revenues to be posted. Commissioner Campbell asked if the law allows borrowing from other funds. Bonnie Manicke replied that she tries not to, but with council approval a loan between departments can be set up and a percentage of interest would be charged by the lending fund. City Manager Crossett explained that the Building Department is expected to have low revenue in the 2011 fiscal year due to the downturn in the economy resulting in a low number of building projects. Building Inspector Ron Melvin has been involved in other projects like the Tiger Grant, which is a large project to improve Skyline Drive and is being coordinated with Lake County. It will provide \$15,000 revenue for administration annually for two years. Ron Melvin has also been helping with the Water and Sewer Department projects, which has been particularly helpful while Tony Porrazzo is recovering from his motorcycle accident. Commissioner Duford asked if the sewer department received the lease payments from B and I Holdings. City Manager Crossett replied that the payments are in arrears and Mike Maddy has been contacted by phone and a letter was sent requesting that the payments be brought up to date. Bonnie Manicke clarified that a vote is not required for this preliminary

cash report. She noted that there is no economic upturn projected for the next three years and the recovery will be slow and take from three to five years.

APPROVAL OF INVESTMENTS: City Treasurer Bonnie Manicke presented the investment of \$1,000,000 for approval. She purchased a one year Certificate of Deposit at 1.31% APY from First Citizens Bank. Other quotes were, First Interstate Bank 1.20% APY, Glacier Bank .85% APY and Community Bank and Valley Bank gave no quote. Comparable rates were, 1 year treasury bill .28%, 1 year agency of U.S. government Freddie Mac Bullet .30%, State of Montana Investment Pool (STIP) .3379%; Operating fund overnight pool 1.00%. **Motion made by Commissioner Lies, seconded by Commissioner Funke to approve the purchase of investments in a one year Certificate of Deposit from First Citizens Bank, at 1.31% APY, with a maturity date of June 24, 2011 as presented by City Treasurer Bonnie Manicke. Motion carried unanimously.** City Treasurer Bonnie Manicke also presented a Public Funds Investment summary report to the City Commission. Mayor DeVries thanked her for her report.

PUBLIC COMMENT ON MATTERS OF SIGNIFICANT INTEREST TO THE PUBLIC NOT ON THE AGENDA: Margie Hendricks asked why a test well was built and why item number six was removed from the agenda. City Manager Crossett explained that the City did not build a test well. They received results from wells in the East Shore area, which proved to be high in iron content. A test they received Monday afternoon from a well across the road from the proposed well also showed high iron content. They decided to hold off on that well location and look into other locations for a potential well site. Commissioner Campbell said he received the report at this meeting and will review it. He suggested they look at property further east of this location, which has more gravel in the aquifer. Margie Hendricks asked if the letter she gave to the City Commission and the letter she read at the last meeting be made of record because it provided the results of her research related to this topic. Murat Kalinyaprak asked that when he sends e-mails to the City Commission the clerk should make hard copies for them to be sure they get them and waive the copying fees since the citizens are spending their precious time to help them out and the City gives to charities and gives away free golf passes. He asked how he can pursue ethics violations since the City government doesn't have an ethics committee. He has filed a complaint with the County Attorney and had no response and got no results. He asked what procedure should he use to pursue complaints relating to conflicts of interest. He will present the complaints he would like to pursue at the next meeting. He doesn't feel that the East Shore well site should be swept under the carpet. The buy sell was prepared for \$77,000 and now they changed their mind. Becky Dupuis Thanked Lee Manicke, Bonnie Manicke, Shari Johnson for their hard work on getting this project to this point. She feels lucky today for having the project proceed to this point and looks forward to the construction phase and completion of the Streetscape project. Murat Kalinyaprak asked how the Mission Bay lot was picked; through what procedure and who did it. Bonnie Manicke thanked Council for making this project possible with their vote of approval. She noted that without the use of the CDBG housing rehab funds for this project, which accumulated repayments amounting to \$125,000, the property owners on Main Street would have higher SID payments to make. It took a lot of cooperation from the community and hopefully the improvements that will be made will make Polson a more pleasing destination spot for tourists. The staircase at Riverside Park is a great addition to the improvements. Although Rural Development was no help with the project so far, if the funds are short she is confident they can find more funds. Although it took four years in the making she feels it resulted in an admirable conclusion.

Meeting adjourned at 9:04 p.m.

Pat DeVries, Mayor

ATTEST: _____
Aggi G. Loeser, City Clerk