

**CITY COMMISSION MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
MONDAY, AUGUST 16, 2010, 6:00 P.M.**

ATTENDANCE: City Commissioners Ron Boyce, John Campbell, Judy Preston, Mike Lies, Elsa Duford, Fred Funke. Mayor Pat DeVries presiding. City Manager Todd Crossett present. City Attorney James Raymond present.

APPROVAL OF PROPOSED AGENDA: Motion made by Commissioner Preston, seconded by Commissioner Boyce, to approve the agenda as presented. Motion carried unanimously.

PUBLIC HEARING

6:00 P.M. - FISCAL YEAR 2010-2011 PRELIMINARY BUDGET AND NOTICE OF AN INCREASE IN PERMISSIVE MEDICAL MILLS: City Manager Crossett explained that he is still working on reducing the General Fund expenditure budget by about \$50,000 in an effort to try and build up the reserves in the General Fund. Although there will be some minor adjustments the projected revenues exceed the expenditures by a small amount. Noma Giffin asked if the City is paying the medical premiums for the employee, spouse and family. Mayor DeVries replied that effective July 1, family medical coverage under the Health Savings Account Plan was offered to the employees at the City's expense. Noma Giffin asked if the City Manager felt it is fair to increase the tax levy for the permissive mills as tight as the economy is at this time. Mayor DeVries explained that although the City Commission would have liked to, but did not vote on this issue prior to the City Manager offering it to the employees; she was told by City Manager Crossett the reasons why they were looking into other health coverage and she agreed with him on the reasons for a change. Some of the reasons were low enrollment and employees opting out who were getting a payback. Providing an employee benefit to ensure the health and welfare of the employee and provide a healthier workforce; and to compensate for the low wages that are paid to the City employees. Noma Giffin replied that Lake County only pays the medical premium for the employee and not the family and she feels the City pays wages as well as Lake County does. City Manager Crossett explained that the average wage of a City employee is in the \$10 to \$12 range and they can't afford to buy insurance for their family and half of the employees opted out of the plan and collected the payback because they couldn't cover their family. The street crew just hired another person and since June has been operating on a staff of two after two members of the street crew retired, which resulted in some savings. They are not hiring as the City's staff is reduced through attrition and overall there are a small number of employees doing a lot of work. Having a small number of staff creates a problem when employees are ill and there are no other employees to cover that position. The majority of the employees chose the high deductible health savings account, which they will have to pay the \$3,000 deductible, but covers them for major catastrophic medical events and the coverage will keep them from losing their home in the event of a large medical claim due to a catastrophe. The financial security provided to the employee through family coverage benefits the City in their productivity while on the job. It would be a higher cost to hire more people to cover sick leave related absences than providing this medical insurance coverage and shows the employee that their employer cares about their well being. It was noted that more than 50% of the City employees live outside the City limits and don't pay City taxes. Mayor DeVries replied that cannot be a consideration in this issue. Commissioner Preston said the concern is the cost when the City's revenue is down. Commissioner Lies noted that the average cost is \$595 per employee compared to last year which was \$430 and the increase of \$165 per month is equivalent to \$1.00 per hour increase and feels it is exorbitant. City Manager Crossett clarified that the \$430 payback costs the City \$530 with taxes and there is no tax burden to the City on the health insurance premiums. Commissioner Lies noted that the premiums are lower this year than last year. City Manager Crossett replied that the rates are set by averaging the age groups and the lower the age the lower the premium. Commissioner Duford did not agree that the permissive levy should be increased. City Manager Crossett clarified that only employees who are covered under another group plan qualify for the payback which is taxable and there is no option for the City to make a direct payment for the spouse's group plan premium. He explained that three employees chose the 80/20 plan who pay an additional \$37/month and the majority chose the High Deductible Health Savings Account Plan to which the City pays a \$50 a month tax free contribution to their individual Health Savings Account. Mayor DeVries explained that the options of the choice of plans is not the issue. The City chose the plans and offered them to the employees with the assumption that the City Manager had the authority to offer the staff more options. She is hearing concerns that the City is picking up the family premiums and does not know how they

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can change that. The City Commission should have known and had an opportunity to vote on the increased cost which is part of the budget, before it was offered to the employees. Commissioner Duford stated that the Charter states under number 9. that the City Manager executes bonds, notes and contracts subject to approval of the Council. The first she heard of this insurance change was Ardrene's e-mail after the contract was signed and should have been signed subject to approval by Council. Commissioner Boyce stated that he would have liked to know before it was offered to the employees but he doesn't feel it can be changed at this time and they just have to figure out how to pay for it without raising taxes. He asked if the employees receiving payback can be grandfathered in and no future employees would be offered that option. City Manager Crossett replied that he looked at the numbers and feels that can be done without a significant change. He explained that he checked with Council and thought it was his job to look at the options and the numbers were at par at the end of June with MMIA quoting an 11% increase. He understood that historically the decision was made by management as it was when Mayor Clavadetscher implemented the payback. He considered it an administrative oriented issue, although now he understands that Council wishes to make that decision. Commissioner Boyce clarified that it is their decision when it comes to spending more money. Commissioner Duford expressed her concern about raising the permissive mills from \$41,000 to \$90,000 at this time, when taxes are higher and people's capacity for earning is less. She feels bad on how this increase will affect the taxpayers when they can't insure their families and are struggling to make ends meet. Mayor DeVries explained the good thing about the new insurance is that a lot more of the employees are covered which is a real plus. City manager Crossett replied that because we moved to a high deductible it made it possible to cover almost all the employees although there was some increase in premiums. His believes that providing a good insurance plan will retain employees and it is more important since there is no regular cost of living increase in the budget although he realizes we are in a tough economy. Commissioner Campbell related that his tax bill last year showed a \$20 permissive levy tax and the library district will add more taxes so the City should have a lean budget. City Manager Crossett replied that we are not sure if the Library will need to budget expenditures out of the General Fund for a full year but most likely until January. Commissioner Lies stated that his tax bill for the Library District will be \$126.48 which is 23 mills. City manager Crossett replied that the General Fund will budget less for the Library and that amount can offset the increased cost of the general fund medical costs instead of increasing the permissive levy. Commissioner Lies said he found \$52,000 in increased wages in the General Fund. City Manager Crossett replied that there are no across the board cost of living increases but there are increases budgeted for job changes. He explained that he is revising job descriptions and migrating the low end of a cluster of employees to correct the problem in the current pay scale and there are several employees moving into different positions. Commissioner Funke said it made the Commissioners look bad when they questioned him on these issues because they had no input before he made the decisions. City Manager Crossett replied that nobody got final approval of the raises until the budget is adopted and the wage increases he proposed are for positions being filled due to vacancy and others taking on more responsibility. Mayor DeVries asked that the wages increases be made clearer to the City Commission and she also felt the payroll cost should be lower with less people. City Manager Crossett replied he would make that information available to them. City Attorney James Raymond noted that it was past 6:30 p.m. when the second public hearing on Medical Marijuana was scheduled and the Mayor might ask if there is anyone present for that public hearing. Building and Planning Official Joyce Weaver replied that she is present. Mayor DeVries suggested the public hearing on the budget be continued. It was clarified that discussion of individual employees wages is presumptively private. Noma Giffin commented that this is not really a public hearing because the budget appears to be cut and dried. Dick Giffin stated that the City hires the employees not the families. Mayor DeVries asked that any questions be submitted to the City Manager. City Manager Crossett and Administrative Assistant Ardrene Sarracino asked that the questions be provided as soon as possible to allow enough time to prepare the answers. The City Commissioners agreed and Mayor DeVries advised that the public hearing on the budget be continue to Wednesday, August 25th at 6:00 p.m. The public hearing was adjourned at 6:52 p.m. Mayor DeVries called for a short recess.

6:40 P.M. – EXTEND MORITORIUM ON MEDICAL MARIJUANA RESTRICTIONS RELATED TO MEDICAL MARIJUANA: Building and Planning Official Joyce Weaver noted that on July 30th every voting member of the City Commission was provided with a large packet of research information she compiled on this topic. She felt it was important to provide the information without bias and from various sources so they can make the best decision. She noted that Cora Pritt will accept the packages to recycle, if they wish. She read the staff report to the City Commission noting that the City County Planning Board voted to bring the report back to the City Commission before the moratorium expires in September. Commissioner Campbell suggested they

wait to vote on this until the legislature votes. It was clarified that the City can extend the moratorium for two six month periods. It was clarified that it is currently a federal law and not enforced by the City police. Commissioner Lies agreed they should extend the moratorium until after the legislature votes allowing for two six month extensions. Commissioner Campbell commented that states are moving toward setting up dispensaries and using zoning areas to control it. The public hearing was closed at 6:59 p.m.

CITY COMMISSION MEETING

CONSENT AGENDA:

- A. CITY COMMISSION MEETING/WORK SESSION MINUTES JULY 28, 2010**
- B. CITY COMMISSION MEETING MINUTES AUGUST 2, 2010**
- C. REMAINDER OF JUNE CLAIMS**
- D. AUGUST CLAIMS**

Motion made by Commissioner Lies, seconded by Commissioner Preston, to approve the Consent Agenda items A through D with corrections to the minutes of July 28th that City Attorney James Raymond was present. Motion carried unanimously.

CITY MANAGER COMMENTS: City Manager Crossett noted that this is City Clerk Aggi Loeser's last meeting before she retires the end of the month. He expressed his appreciation for her assistance in preparing the budget. He informed the City Commission that the Streetscape project ground breaking ceremony took place this morning and the major concern is safety. Construction meetings are scheduled twice a week Tuesday and Thursday at 10:00 a.m. at City Hall, and the City Commission is welcome to attend. At these meetings they will discuss project details and a strict safety policy. He noted they must follow strict safety federal guidelines since there are ARRA funds being used for the project. Complaint forms are available and will be used to keep record of complaints and responses. Mayor DeVries asked to have the complaint forms available on line. Shari Johnson is the engineer and is available to answer questions. The street department and Karen Sargeant are also on hand to assist on the Streetscape project. John Hart is the third street crew member who was recently hired. Mayor DeVries said she was surprised that construction is scheduled for only five days a week 7 a.m. to 5 p.m. City Manager Crossett explained that Stelling Engineer is doing the preliminary engineering on the Tiger Grant to improve the Skyline Road and extends to 13th Avenue. A map will be available next week and Billy Lee will host a kickoff breakfast on August 26 at the golf Course Restaurant where the City Commission is invited to attend. He noted that the stormwater plan is a big piece of the project and the engineers are doing a good job on it. The Highway 93 Study is an MDOT project and a cooperative effort between Lake County, the Tribes and the City of Polson and other cities in the project area. The City of Polson was asked to contribute \$8,000 for two fiscal years which is budgeted this year. An open house is being held for public input on Thursday, September 9 between 4 and 6 p.m. The Golf Course Restaurant came out ahead in July after they scaled down their staff and learned different policy and procedure, although the Restaurant Manager Susie Tommer's strong point is managing the kitchen. A comment card will be distributed and they will try to keep the labor cost low. The alcohol cost is under 30% and the food cost is also under 30%. Commissioner Preston said she would like to see a report on the numbers. Mayor DeVries said she doesn't think the June numbers are nearly as good. City Manager Crossett explained that the restaurant will stay open thru the golfing season and they hope to hold on to a skeleton crew for special events but will make their final decision in the Fall and especially try to hold on to the manager. Commissioner Campbell asked if she is interested in continuing. City Manager Crossett said she is learning and has gained some experience and is adjusting. Ken Avison asked and City Manager Crossett explained that the 93 Corridor Study is a continuation of the 93 Alignment Study and will update the Transportation Plan. The City is paying a small share of the cost to determine how traffic is flowing and some things changed related to what alignment was recommended. Ken Avison noted that he has never seen a bypass that benefited the businesses because the cars and trucks don't stop, they just pass by and shop at the next town they drive thru.

FIRST READING ORDINANCE #658 – RENEW INTERIM MEDICAL MARIJUANA ZONING ORDINANCE #654 - EXPIRES 9/15/10: Motion made by Commissioner Campbell, seconded by Commissioner Boyce to approve the First Reading of Ordinance #658 to Renew the Interim Medical Marijuana Zoning Ordinance #654 for a six month period until 3/15/2011 to allow time for legislation to be passed. Motion carried unanimously.

PRA FISCAL YEAR REVIEW AND PRESENTATION OF INVESTMENT PLANS - APPROVAL FOR INVESTMENT OF \$90,000 OF TIF FUNDS FOR STREETScape PROJECT – Jules Clavadetscher presented the Polson Redevelopment Agency's Annual report 6/30/09 to 6/30/10 as required by MCA 7-15-4237. The PRA advises the City commission how to invest funds in the Urban Renewal District. The funds belong to the City and the PRA makes a recommendation for the City Commission to make a motion on how to invest the funds. The PRA Assets consist of the City of Polson water and sewer infrastructure map and C.A.D. compact disc with an estimated value of \$7,500. The PRA is responsible for and is the recipient of all monies generated by the Tax Increment Financing District. Following the donation of software to Lake County, they advised the City Government that TIF generated approximately \$90,000 for the fiscal year ended 2010. At the 7/29/2010 PRA meeting the board members voted to recommend that the City Commission approve spending \$90,000 of TIF funds to replace a \$100,000 bond for Streetscape, Main Street Improvement Project. He noted that this is the first year that there is revenue from the TIF district which is calculated by the DOR. He informed the City Commission that the PRA donated part of the cost of the software needed to calculate the TIF revenue which was the first time he knows of that happened. He thanked Ken Avison for getting a discount on the software from Black Mountain Software. The PRA also voted to recommend not spending anticipated TIF revenue but only what is in the bank. They also voted to recommend that the City Commissioners approve up to \$90,000 of TIF revenue to substitute for the \$100,000 Bond for the Streetscape project. He thanked City Treasurer Bonnie Manicke, Becky Dupuis, and Lee Manicke who were the primary leaders among many others to make the Streetscape Project a viable project. He explained that the TIF funds of \$90,000 is just one of a number of revenue sources for the Streetscape project. **Motion made by Commissioner Lies, seconded by commissioner Boyce, to accept the Polson Redevelopment Agency's recommendation to expend \$90,000 of TIF funds to replace a \$100,000 bond for investment in the Streetscape Main Street Improvement Project. Motion carried unanimously.**

RESOLUTION #1013 – AWARD BOND SALE \$750,000 FOR SID#42 MAIN STREET IMPROVEMENT PROJECT: City Treasurer Bonnie Manicke noted a corrected page 1 of the resolution to award the Bond Sale. She negotiated the Bond sale on 8/3/2010 for \$750,000 with a 15 year maturity, with an expected life span of 10 to 12 years, through the firm of Bond Attorney Robert Murdo & Co. from Helena. The bond was made available to all banks in the area. Glacier Bank and Lolo National Bank bid on the bond. She asked the Commission to approve the bond sale to Glacier Bank at 3.95%. **Motion made by Commissioner Boyce, seconded by Commissioner Lies to approve Resolution #1013 to award the bond sale of \$750,000 for SID#42 for the Main Street Improvement Project to Glacier Bank/Glacier Bank, Inc. Motion carried unanimously.**

RESOLUTION #1014 – LEVY ASSESSMENT UPON SPECIAL IMPROVEMENT DISTRICT #42 TO DEFRAY THE COST OF IMPROVEMENTS AND PROVIDE NOTICE OF HEARING ON OBJECTIONS TO LEVY ASSESSMENTS ON MONDAY, SEPTEMBER 13 AT 6:00 PM THEREBY SCHEDULING A SPECIAL MEETING OF THE CITY COUNCIL: City Treasurer Bonnie Manicke informed the City Commission that a notice of the September 13th public hearing on objections to the levy assessments was advertised as a legal ad on August 19 and 26 and was sent to the individual property owners in the district. She clarified that the objections to the levy are not to protest the creation of the SID but the as of record footage that was used from the tax records and the levy of \$24.91 per foot per year. SID #42 is backed by an A rated ten year bond with an interest rate of 3.95%. She clarified that there are two parcels in the district which have 140' of frontage and are owned by Montana Rail Link and Health Care Plus and their annual assessment will be \$3,487.40. **Motion made by Commissioner Funke, seconded by Commissioner Preston, to approve Resolution #1014 to levy assessment upon Special Improvement District #42 to defray the cost of improvements and provide notice of hearing on objections to levy assessments on Monday, September 13 at 6:00 p.m., thereby scheduling a special meeting of the City Council. Motion carried unanimously.**

JUNE 2010 CASH REPORT – FINAL: City Treasurer Bonnie Manicke presented the June Cash Report and noted that she was not able to finalize the report due to the extra workload she had with the Streetscape project. She informed the City Commission that the General Fund cash balance is \$98,000 less this year compared to last year. The June Trial Balance from Lake County shows \$50,934 tax revenue outstanding although \$25,000 was collected this year of the past due 2008 Real Estate taxes. She noted that this report is information only and she will present the final June Cash Report at the September 8th meeting. Ken Avison commended Bonnie Manicke

on her dedication and thoroughness in working with the Bond Counsel to sell the bond for the Streetscape Project, her diligence and dedication in making great investments and getting the best interest rate for the City of Polson.

RESOLUTION #1011 – RE-AUTHORIZING THE LAKE COUNTY JOINT AIRPORT BOARD TO ADD A REPRESENTATIVE FROM CS&KT TO THE AIRPORT BOARD: City Attorney James Raymond informed the City Commission that letters were sent to the entities that are members of the joint airport board asking that each of their governing body approve a resolution to include that a member of the Confederate Salish & Kootenai Tribes be an additional member of the joint airport board. This agreement works well with federal regulations which they must comply with since the Tribes own half of the Polson Airport. Bruce Agrella noted that the airport board voted unanimously to approve the addition of a Tribal member to the airport board and Lake County Commissioners and the City of St. Ignatius also signed the Resolution. City Manager Crossett said he has been working exclusively with Teresa Wall-McDonald who is the land manager to get the contract signed which would result in a land swap. The FAA would pay for the land but needs a signed contract for the lease of the tribal land before the land swap can take place, which he is working on. **Motion made by Commissioner Lies, seconded by Commissioner Boyce, to approve Resolution #1011 re-authorizing the Lake County joint Airport Board to add a representative from CS&K Tribes to the Airport Board. Motion carried unanimously .**

PROCLAMATION – FAMILY DAY – THE FOURTH MONDAY OF EVERY SEPTEMBER IS A DAY TO EAT DINNER WITH YOUR CHILDREN: Mayor DeVries read the proclamation and so proclaimed and encouraged the residents of the City of Polson to observe the fourth Monday of every September as a day for families to eat dinner with their children.

PUBLIC COMMENT ON MATTERS OF SIGNIFICANT INTEREST TO THE PUBLIC NOT ON THE AGENDA: Lita Fonda mentioned her neighbors non-conforming lot which she realized would be a future agenda item. She reviewed a draft of the recently revised Polson Development Code which she feels needs to be clarified. She was horrified to see that up to 65% lot coverage was allowed. City manager Crossett replied that City Building & Planning Official Joyce Weaver and Dave DeGrandpre will hold meetings and engage the CCPB members in reviewing and commenting on the revised PDC. There are five public meetings will be scheduled in late October and early November time frame. Lita Fonda noted that her neighbors fence is not in conformance with the PDC and is still in the same place and the PDC needs to be enforced. City Manager Crossett said he will follow up on that. Lit Fonda said she heard from the business owners that they liked the new format for the basketball tournament using the side streets and leaving Main Street open for business. She heard that those who played also liked it. City Manager Crossett noted that this year he received a number of complaints from residents on 4th Streets vs. Main Street.

Meeting adjourned at 8:14 p.m.

Pat DeVries, Mayor

ATTEST: _____
Aggi G. Loeser, City Clerk