

**CITY COMMISSION MEETING MINUTES  
PUBLIC HEARING ON FY2010-2011 PRELIMINARY BUDGET CONTINUED FROM  
AUGUST 16, 2010  
CITY HALL – CITY COMMISSION CHAMBERS  
WEDNESDAY, AUGUST 25, 2010, 6:00 P.M.**

**ATTENDANCE:** Commissioners present: Ron Boyce, John Campbell, Judy Preston, Mike Lies, Elsa Duford, Fred Funke, and Mayor Pat DeVries presiding. City Manager Todd Crossett present. City Attorney James Raymond absent. Others present: City Treasurer Bonnie Manicke, Planning Official Joyce Weaver, Tim Weaver, Water and Sewer Superintendent Tony Porrazzo, Fire Chief John Fairchild, Police Chief Doug Chase, Rick Tameler, Librarian Marilyn Trosper, Margie Hendricks, Ken Avison, Assistant Police Chief John Stevens, Parks Superintendent Karen Sargeant, Building Inspector Ron Melvin, Sergeant Clint Cottle, City Clerk Aggi Loeser, and Officer Wade Nash.

**CALL TO ORDER:** Mayor DeVries called the meeting to order and the Pledge of Allegiance was recited.

**APPROVAL OF PROPOSED AGENDA:** Commissioner Funke moved to approve the agenda as proposed, seconded by Commissioner Campbell. The motion carried unanimously.

City Manager Todd Crossett advised the Commission that July revenue versus expenditures for the golf course restaurant reflected \$9,500 profit. The cost of food was running at 30%, alcoholic beverages were at 28%, and labor was at 46%. They had adjusted the labor and were now running at about 38% - which was still to high but better.

City Manager Crossett encouraged the Commissioners to attend the volunteer fire fighter appreciation picnic September 23, 6:00 p.m. at Boettcher Park. He added that Polson had one of the best fire departments in the state, and attending the picnic would be a great way to show appreciation to the volunteers.

**FISCAL YEAR 2010-2011 PRELIMINARY BUDGET AND NOTICE OF AN INCREASE IN PERMISSIVE MEDICAL MILLS:** City Manager Crossett advised the Commission that they were asking for no increase in the permissive medical mill levy. The revenue numbers may change from the State via the County. There was increase in the projected revenue numbers from the County, but they anticipated approximately the same amount in unpaid tax revenue as the previous fiscal year, which was about \$60,000. They had had withheld spending approximately \$100,000 of the general fund expenditure budget for fiscal year 2009-2010. At the close of the 2010 fiscal year, there was an approximate general fund balance of \$392,000. He proposed that they do not expend their entire budgetary authority. They relied on that carryover to act as a reserve until the fall tax revenue was received. He felt that City should begin to build that carryover amount back up, since it had been decreasing annually. He noted that many communities borrow annually after July, never having a reserve to carry through to November.

He advised that there would be no cost of living increases in the payroll. The only changes would be for those employees whose job descriptions had changed and for those who were far outside of internal equity. He noted there were some employees who had been hired for open positions created by retirements, including the Streets Superintendent and City Clerk positions. He noted that they would not be hiring a replacement for the Assistant City Clerk position. The net difference of the payroll for all departments was an increase of \$1,628.12. He directed attention to expenditure line for employee advancement. He explained that line was to compensate for overtime; in the event an employee was on leave for sickness or injuries causing an increase in payroll. It also left him with the ability to correct a wage if the position changed, promoted, or to increase a wage for a recent hire once they attained permanent status. He added that he was very pleased with the City employees across the board. All departments were exercising a 5% decrease in non-payroll lines, as they had the previous year. He expected the same reduction in the following year. All departments were combing through their budgets to pick out expenditures which could be deferred.

He pointed out that the library remained in the budget through December. The district would not be receiving any revenue until November, although the taxation on the new district began July 1<sup>st</sup>. They were in the process of forming their entire system. Librarian Marilyn Trosper and Library Board President Jackie Gran were working very hard to get the district set up and he was working with them to assist. They were researching whether the district legally had to pay the City back for the six months they would be carried. If they are not legally obligated it would be the Commissions decision. The transfer of building would also be taking place at that time, which was currently held in trust. Commissioner Campbell asked if the permissive medical mill levy would be affected if the City was not paid back. City Manager Crossett clarified that the mill would not be affected. Adding that Western States Insurance representative Rick Tamerler was present to answer any questions regarding the health insurance.

Parks Superintendent Karen Sargeant advised the Commission that the recreation season had been busy but was now winding down. The main problem in the parks department had been a series of irrigation problems, which they had mended. She noted that she had expanded the job descriptions for both her regular and seasonal employees. The tree and street inventory was nearly complete, which had been compiled by intern Katie Wittow through a DNRC forestry grant. She commended Tali Duford and the downtown businesses for their hard work and cooperation in the realization of the staircase at Riverside Park. In the upcoming year she would be resurfacing and curbing the playground area at Riverside Park through a \$15,000 donation from Rotary. A resource management plan for all the City parks would be put together. All of the parks had held up well over the last season, and the sports seasons had all went smoothly. She had received many compliments, noting that during a recession people tend to stay close to home and use their local recreational facilities. She added that they would be working towards maintaining all of their programs. Commissioner Boyce inquired about the City dock at Sacajawea Park. Parks Superintendent Sargeant presented an artists rendering of the proposed dock. The estimated cost of the dock would be \$180,000 funded by donations. It would be made of concrete and metal making it low maintenance and long lasting.

Water and Sewer Superintendent Tony Porrazzo explained that they were working on several big projects, including various storm water projects, Main Street, the Tiger Grant, and upgrades of

Grandview and Hillside Court. He expressed that his crew was outstanding, and he was concerned about losing employees due to wages – particularly those who had earned their certifications as water and sewer operators. He noted that he had already lost one of his best employees to Pablo because of the wage difference. Polson's utility crew's wages were significantly lower than many communities' starting wages. He directed attention to the significant budgets of the water and sewer department, but pointed out the majority was always carried over to continuing and upcoming projects like TSEP projects, the TIGER grant storm water, and lagoon repairs. The sewer fund was also building for the upcoming treatment plant, which would begin construction in 2014. Mayor DeVries inquired if there had been a rate change. City Manager Crossett noted that the rate structure for water had been changed in the previous year to fairly proportion the rates. Charges began at 1,000 gallons per month, rather than 5,000 gallons. Commissioner Campbell felt that it would be difficult to justify a rate increase. Commissioner Duford inquired if the un-metered City Facilities were not being metered. Water and Sewer Superintendent Porrazzo replied that they were down to 11 out of the 365 un-metered locations and commended his crew for adding them to the system. He pointed out that the majority of City locations were not being charged for the usage; however it allowed them to keep track of the use and eliminate it from unaccounted for water loss. Commissioner Boyce inquired about the cost of the upcoming treatment plant. Water and Sewer Superintendent Porrazzo replied that expenses from the sewer department were planned to be minimal which would assist in building the fund, so that in 2014 there would be a good portion of the funds already saved.

Building Inspector Ron Melvin advised the Commission that the City would be working on the Tiger Grant project for the next year and a half. There were major stormwater issues involved in the project, which may lead to a retention pond. Stelling Engineering was working on the details of routing stormwater down from Skyline. Stormwater was also a large component of the Streetscape project, and would be installed in the next 90 days. He noted that in the upcoming months City Hall would be experiencing energy efficiency renovations due to a DEQ grant. The contract for the grant had been signed earlier in the day, and they would be releasing the RFP that week. The golf course was planning to install permanent restroom facilities on the course prior to the start of the next season. City Manager Crossett pointed out that the City had been successful in receiving grants to the City staff involvement in the grant applications process and management of the projects. Building Inspector Melvin noted that permit revenue had been steadily increasing in the building department. In July \$7,200 had been received in permits, and in August so far there had been \$12,500. He felt the building department revenue budget of \$55,000 was realistic, even without the revenue from the Super Wal-Mart. The deadline for Wal-Mart to pull their permits was June 2011.

Street Superintendent Terry Gembala advised the Commission that the detailed street inventory had been completed during 2009/2010 and it would help them assess their street needs and would contribute to strategic and community improvement plans. The street department had partnered with the County and would be creating a paved parking lot out of the vacant lot across from the VFW on 5<sup>th</sup> Avenue. The street department had only hired one replacement for the two retirees from the department for the first three months. He advised that they had during the summer they had worked on patching the streets and marking the streets in school areas. Karen Sargeant and himself would be working to create a long term strategic plan for the streets.

Commissioner Campbell expressed that he had seen a lot of work done by the streets department over the summer, especially work with the durapatcher. Street Superintendent Gembala explained that the streets and parks departments would be jointly purchasing a leaf picker vehicle, which would help extend the life of their street sweeper.

Planning Official Joyce Weaver advised the Commission that she spoken to Wal-Mart's contractor 5 weeks prior, and they had experienced internal structure changes. There was a new western district manager, who was responsible for decided whether they would build the new store or remodel the current one. They had requested information on all of their due dates. Dave DeGrandpre's Land Solutions, LLC was still working on completing the new PDC. There was a partial draft completed, but they were missing the signs and subdivision regulations. It would need to be completed by October 15<sup>th</sup>, and she cautioned against cutting corners on the regulations. Lakeshore protection documents were also due, and the County was in the process of rewriting the documents. The Polson growth policy was required to have an update every 5 years, which would be due 2011. She expressed that she was a proponent for an across the board raise, rather than individuals. City Manager Crossett reviewed the pay scale and internal equity he was trying to build and migrate to along with more accurate job descriptions.

Fire Chief John Fairchild thanked the Commissioners for the opportunity to come before them. He explained that over the last decade, the amount of fire runs varied dramatically from year to year. Since he had been in the position of fire chief he had under spent his budget, and decreased this years 5%. He expressed fear that putting off equipment costs would end up hurting the City in the long run, as there were strict regulations and standards that fire equipment must adhere to. He expressed that he was trying to find ways to retain volunteers, and asked them to please come to him if they had any ideas. He encouraged the Commissioners to attend the Volunteer Fire Fighters picnic, as it was a great way to express their appreciation. He overviewed the equipment upgrades they were planning for including a breathing apparatus tank, and aerial vehicle replacement. The rating for the City, which affected homeowner's insurance, was currently at 5, and he would like to see the rating go up. Commissioner Campbell noted that the water and sewer department improvements also helped the rating.

Librarian Marilyn Trosper expressed that the next few months would be critical for the library, as the board and herself formulated a written action plan and secured the infrastructure. There were on proposed pay raises in the library budget, despite the Polson library employee's pay scale being 11<sup>th</sup> out of 12 in similar sized facilities. The library would be carried by the City for the first half of the year, until tax revenue was received in November. All general non-payroll general fund expenditures for the library reflected a 5% decrease. They were looking into a new heating and cooling system for the library. She expressed praise for the library steering committee and the work they had done to get the library district in place. With the down economy the library, much like the local parks, were seeing an increase of usage. The library had received a three year grant which would allow the library to hire a technology trainer to work in the library and also travel to those who could not visit the library. The Greater Polson Community Foundation would be donating the monies, which would replace the library doors, which were in severe disrepair. She expressed that the department head meetings City Manager Crossett had held were very beneficial to all departments.

Police Chief Doug Chase expressed appreciation for the Commission. He felt that despite them having a difficult job, the majority of the people stood with them. They agreed that department head meetings had been beneficial. The police department had not expended their full budget, \$5,000 of which had been saved from the annual cost of dispatching services. The department had been lucky over the passed year with their vehicles. However there were several which were over 100,000 miles, not including the idle time, which increased the wear on the engines. They planned to purchase one vehicle through the municipal services levy during the upcoming year. Sergeant Clint Cottle mention that the amount received from the levy was usually 7-10% less. He wasn't sure if an additional parody was prudent in the coming year, but they would wait and see what revenue was received. City Manager Crossett advised the Commission on the police payroll parody, which was part of the voter approved municipal services levy. Police Chief Chase pointed out that prior to that that levy the City lost thousands of dollars in training officers, who in turn would leave to work at the County for a significantly hire wage. The parody helped them to retain officers by offering a competitive wage, and saved even more money in the long run. Officer Wade Nash noted that he was a prime example of an officer who left because the pay at the City was so much lower than the County, but he returned and can stay with the City because they offer competitive wages.

Treasurer Bonnie Manicke advised that the golf department was considering refunding a 1998 golf revenue bond, at around \$680,000 for the same term to mature in 2017 acquiring financing through the local banks. They had received some additional stimulus funding to the TSEP and CTEP monies that had funded the Skyline and Hillcrest water tank projects. She had enjoyed working with the bond attorney and bond council on the project, and the \$330,000 bond was payable back in 20 years at 7.5% interest. Streetscape had begun, and would likely be completed in the next 90 days. The project had been funded using TSEP funds, TIF funds, the SID, and the bond which would be closed on September 15<sup>th</sup> at 3.95% interest. She noted that they had received a lot of support from the local financial institutions. There had been a great deal of transition in the City finances, interest rates were decreasing. The max she projected was 1.5%, and the U.S. Government had little to offer. STIP financing was down to less than .25%. The current economy was a great time to complete projects within the City. She was working with the library to create a composite for the cash flow. The streetscape decorative lighting would be a separate charge. She suggested the City do a 60/40 split with the property owners. The general fund currently contributes \$6,000 annually to the downtown lighting. She expressed appreciation for all the department and working with them, and noted that she and City Manager Crossett had a successful year. She looked forwarding to assisting on upcoming projects. City Clerk Aggi Loeser inquired about the SID revolving fund. City Treasurer Manicke replied that the revolving fund was for SID's that retire, leaving 5% of the SID. The Streetscape fund will have their own composite of their own 5% and half of the final year's debt would be retired with that money. She also noted that she had worked with Ms. Loeser for 22 years, and she enjoyed working with her very much.

City Manager Crossett expressed thanks to the staff and Commission for their work on the budget. He noted that the health insurance for the current year was expanded and those with alternate group insurance would be able to get a payback. He noted that they were taking care of the insurance the best they could, though affordable group insurance was disappearing. He noted that they did not increase the medical mill levy for the current year. Rick Tamer of Western

States Insurance advised that they had had to prove that they were competitive with a viable product, while the Health Savings Accounts were not as good as a benefit, but it covered more people. He noted that the healthcare was a value for the employees and families, with 250% more people insured. He noted that it was also a value to the community, in the case of an employee with health issues and no insurance for the family, their work production goes down.

City Manager Crossett noted that they had a very lean budget, without having to lay off employees. One way they trimmed the budget was to keep a low number of employees and not replacing some positions vacated by retirement or other reasons. However, if one employee or their child were to become ill, it was beneficial for them to have healthcare in place to ensure that employees could get treatment and return to work.

Commissioner Duford requested that microphone system in the Chambers be replaced, as it was frustrating for many audience members being unable to hear the Commissioners. Mayor DeVries agreed that the microphone system was important. City Manager Crossett agreed that was something they could take on. Commissioner Duford wondered if Dave Debore would be able to work on the sound system.

Ken Avison inquired if legislation mandated how much money a City could hold in reserve. City Clerk Loeser replied that she believed it was 5% of the general fund. City Manager Crossett said he had seen reserves of a much higher percentage in other states but did not know the limit in Montana.

Officer Wade Nash commented that he was in favor of the Western States insurance, despite being covered by a better plan through his wife's coverage. However, he felt there was a strong need for the insurance payout for those already covered by other insurance as it was how they afforded better coverage offered to them through a spouse.

John Campbell commented that the budget was good work, and it was great they didn't have to increase the levy.

**The meeting adjourned at 8:25 p.m.**

---

**Mayor Pat DeVries**

---

**Attest: Kala Parker, Assistant City Clerk**