

CITY OF POLSON SPECIAL COUNCIL MEETING

Council Chambers

August 27, 2014

7:00 p.m.

ATTENDANCE: Mayor Heather Knutson, City Commissioners: John Campbell, Todd Erickson, Dan Morrison, Jill Southerland, Stephen Turner, City Manager Mark Shrives, and City Clerk Cora Pritt.

ABSENT: Commissioner Siler

Others present (that voluntarily signed in): Don Clement, Stephanie Clement, Elsa Duford, Margie Hendricks, Rory Horning, Tom Lapke, Bonnie Manicke, Andrew Speer, and Diane Speer.

CALL TO ORDER - Mayor Knutson called the meeting to order. The pledge of allegiance was recited. Roll call was taken.

APPROVAL OF PROPOSED AGENDA- Commissioner Southerland motion to approve the proposed agenda. Commissioner Campbell second. Commission Discussion: Mayor Knutson clarified a rumor that was circulating; the Right-of-Way Encroachment Permit would not be on tonight's agenda.
VOTE: Unanimous Motion carried

AWARD BID FOR DOWNTOWN WATERMAIN PROJECT TO THE APPARENT LOW BIDDER, JD RUSSELL EXCAVATING INC., IN AN AMOUNT OF \$807,616.50 PENDING FINAL APPROVAL OF FUNDING AGENCIES AND TO AUTHORIZE THE CITY MANAGER TO EXECUTE ALL NECESSARY CONTRACTS-City Manager Mark Shrives presented this item along with Water/Sewer Superintendent Tony Porrazzo. Enclosed in the agenda packet was the bid tabs for all the bids received for the project. This project will increase the watermain from 2" & 4" lines to 8" & 12" lines. The increase will allow for better hydraulics and water pressure. There were 4 bids total. The two lowest bids were within \$60,000.00 of each other. The highest bid was over one million dollars. JD Russell was the lowest bidder. There will be the standard reference checks. This is not a done deal. The City still has to go through the contract process. Commissioner Campbell commented that this is just the preliminary stage. City Manager Shrives answered yes, that is correct. Commissioner Turner asked if JD Russell had ever done any work in the City of Polson. City Manager Shrives answered no, but Mr. Paul Montgomery, the Design Engineer, had worked with JD Russell on projects in Missoula, MT and had no issues. **Commissioner Southerland motion to approve the downtown watermain project to the apparent low bidder, JD Russell Excavating Inc., in an amount of \$807, 616.50 pending final approval of funding agencies and to authorize the City Manager to execute all necessary contracts. Commissioner Morrison second.** City Commission discussion: none Public Comment: **Ken Avison,** "I apologize for not knowing or keeping up on the route. Could you, or someone, explain very briefly what this entails. I'm just wondering about, it says Main St. and I was just wondering if we are dealing with Main St. again." City Manager Shrives let Water/Sewer Superintendent Tony Porrazzo answer the question. Tony Porrazzo, "Main St. starts in front of the Salish Building and goes north and around here and ties into here. It doesn't go south. South was done." Ken Avison, "Thank you very much."

VOTE: Unanimous Motion carried

APPROVE EMERGENCY ORDINANCE AND ORDINANCE TO AMEND THE CITY OF POLSON BUILDING CODES TO ALLOW PERMITTING AND INSPECTION OF COMMERCIAL BUILDINGS AND ESTABLISH FEES THEREFORE. City Manager Mark Shrives and Building Inspector David Simons Jr. presented this agenda item. City Manager Shrives began by explaining that Agenda items 4 & 5 actually go together. The Ordinance is to put in place for the new Building Official David Simons to not only do building inspections but he is also certified to do Residential Mechanical, Residential Electrical, & Residential & Commercial Plumbing. This gives David the authority to do those inspections. Approval has been given by the State of Montana. This will allow the City to be a one-stop shopping for anyone who wants to do building within the City. The Resolution that follows the Ordinance is actually establishing the fees to be charged. The fees are exactly what is charged by the State of Montana. Commissioner Southerland asked if the fees would come to the City. City Manager Shrives replied yes, this will be revenue for the City. Commissioner Turner asked when a General Contractor comes in to apply for a building permit the electrician and plumber apply to the State. Will that be issued within the building permit from the City or will the plumber or electrician have to come in to apply for a permit? David Simons answered that if the home owner pulls the building permit, then they will pull the other permits. It is the same thing as to what is being done now, separate permits, just that they will come to the City instead of the State to get the permits and inspections. Commissioner Turner asked how much information had been given to the general contractors, electricians, and plumbers. Building Official Simons answered he has had conversation with a few individuals but has also spoken with Western Building Center about posting information at their store. There will also be a meeting to explain the process. Commissioner Turner then asked about general contractors that work out of Missoula or Kalispell. Building Official Simons answered that if someone applied within the City of Polson applies to the State, the State will refer them to the City of Polson. Commissioner Turner asked if there would be any on-line permits available. City Manager Shrives replied that there will be e-permitting on-line with the new City website. **Commissioner Turner motion to approve emergency ordinance and ordinance to amend the City of Polson Building Codes to allow permitting and inspection of Commercial Buildings and establish fees therefore including that between this reading and the second reading that Dave does host a workshop with all local builders, plumbers, electricians and tradesmen. Commissioner Erickson second.** City Commission discussion: none. Public comment-**Rory Horning**, "I just have a question. There's a rumor going around and I think it maybe your building associate might want to address that. The question about inspection of, I know in Real Estate it was always a question about bringing up old buildings to current code. That's a very heavy duty expense on people. I don't think you really mean that they are going to go into the downtown businesses or the older homes and demand that they be brought up to code unless they are actually applying for a permits. Because there is the grandfather clause and how this works is there not? I'd like to hear that verbalized because you have that rumor going around your town and I think you should take care of that because people are a little nervous that this being inspection means that you have a building inspector can come into your establishment or your home at any time and do an inspection. I don't think that's quite what you want." City Manager Shrives, "Are you reading that somewhere in here?" Rory Horning, "I'm telling you that that is what the public is reading when they see inspection of." City Manager Shrives, "Okay. So you didn't see anything in the Ordinance." Rory Horning, "I haven't seen the Ordinance. I'm not online and you don't have a copy up here for the public to view. So I really can't tell you that." City Manager Shrives, "Well I think the answer is I don't think the Building Inspector plans to be out bursting into homes and businesses." Rory Horning, "I'm not intimating that he's bursting in and I'm not asking you. I'm asking what the City intention is not what his intention is. He's an employee." City Manager Shrives, "The City's intention is not to burst into homes or businesses for inspections. He's going to be operating off of permits that have been filed for." Rory Horning, "That's all I asked. I didn't say anything about bursting in. Thank you." **Andrew Speer**, "The Inspector will only be working off of permits when they are filed if they are filed. Then he won't be inspecting properties?"

Mayor Knutson, "He will be following the Ordinances that have been established upon the City. He will be following upon things like that. And he will be doing permitting." City Manager Shrives, "And we may be crossing the lines here of Official Building Inspector vs. Code Enforcement. There are Code Enforcement issues where the property might be in disrepair for garbage and things like that. That's also, a portion of that, that's Code Enforcement. So his duties of Building Official and Code Enforcement are a little bit different." Andrew Speer, "Okay. He will be doing both though." City Manager Shrives, "Yes he will." Andrew Speer, "Okay." **VOTE: Unanimous Motion carried**

APPROVE RESOLUTION TO ESTABLISH FEES AND CHARGES FOR INSPECTION AND ENFORCEMENT OF THE CITY OF POLSON BUILDING CODES-Agenda item presented by City Manager Mark Shrives and Building Official David Simons Jr. There were two corrections made to the Resolution; toward bottom where it reads be it approved and resolved, on the last line delete the water and sewer services. Also, the date needs to be changed from September to August. **Commissioner Turner motion to approve resolution to establish fees and charges for inspection and enforcement of the City of Polson Building Codes. Commissioner Southerland second.** City Commission discussion: Mayor Knutson questioned the alignment of the charges on the second page of the fee schedule. Electrical Permit fees were out of alignment. David Simons commented that he would have to research the matter. Mayor Knutson comments that she thinks just the line needs to be bumped down that is all. Public Comment- **Andrew Speer**, "I understand the process of permitting, when somebody requests a permit. Maybe some clarification on just who can establish that a business needs to be inspected or a residence. Would that be, say, in the means of a complaint? How does that get established?" City Manager Shrives, "#1 you file for a permit or the other way it could be a complaint. Maybe someone sees you doing something in your building or your home that they think maybe requires a permit. Maybe you are putting in electrical or something, I'm just throwing that out and so it might be a complaint driven. And you might be asked if you are doing the work without a permit." Andrew Speer, "Okay. Then in a case like that, of course, then you would need almost like an order or something to go in there and do the inspection. As opposed to just....." City Manager Shrives, "Well if it were something like that, then you would probably be asked to apply for a permit. That's the easiest way to do it. If that comes up." Andrew Speer, "Okay. And if they don't ask to apply for a permit." City Manager Shrives, "Well then you have to pursue some (inaudible). It's either done through the Building Inspector or the State Building Inspector." Andrew Speer, "Following up on what Rory said. If a building is already established, grandfathered in per say, to what degree would you need to upgrade it?" City Manager Shrives, "Again, that depends on what the requirements of the State are which the Building Official's enforcing." Andrew Speer, "Okay." **VOTE: Unanimous Motion carried**

FISCAL YEAR 2014-15 PRELIMINARY BUDGET PROPOSAL-This agenda item is presented by City Manager Mark Shrives and City Financial Officer Cindy Dooley. City Manager Shrives gave the following presentation:

BUDGET PRESENTATION NOTES

THANK YOU FOR THE OPPORTUNITY TO PRESENT THE FISCAL YEAR 2014/2015 PROPOSED BUDGET FOR THE CITY OF POLSON. TONIGHT I AM PRESENTING THE CITY'S PRELIMINARY BUDGET. IF AFTER TONIGHTS PRESENTATION YOU HAVE QUESTIONS THAT COME UP, PLEASE LET ME KNOW AND WE WILL ADDRESS THOSE OVER THE NEXT TWO WEEKS. RIGHT NOW, WE ARE SCHEDULED TO HOLD A PUBLIC HEARING ON THE BUDGET AND ADOPT THE BUDGET ON SEPTEMBER 15TH. SOME OF THE THINGS I SAY TONIGHT MAY NOT BE VERY POPULAR, BUT I THINK IT IS IMPORTANT THAT AS THE CITY'S CHIEF EXECUTIVE, I GIVE YOU THE SITUATION AS I SEE IT AND PROVIDE YOU THE BEST RECOMMENDATIONS I CAN BEFORE YOU ADOPT A BUDGET TO OPERATE THE CITY UNDER FOR THE NEXT FISCAL YEAR. WE HAVE IDENTIFIED SOME CORRECTIONS WITHIN THE BUDGET DETAIL DOCUMENTS WHICH CINDY WILL GO THROUGH WHEN I HAVE COMPLETED MY PRESENTATION. BUT YOU ALL HAVE BEEN GIVEN UPDATED VERSIONS OF THE REVENUE AND EXPENDITURE REPORT WHICH ALREADY INCLUDES THOSE CORRECTIONS.

SINCE THIS IS MY FIRST BUDGET PRESENTATION HERE IN POLSON, I THOUGHT I WOULD TAKE THE OPPORTUNITY TO EXPLAIN THE PROCESS WE HAVE FOLLOWED IN ORDER TO GET HERE TONIGHT. IN JANUARY OF THIS YEAR I MET WITH DEPARTMENT HEADS AND WE DISCUSSED WHAT OUR BUDGET PROCESS WOULD BE AND WE ALSO DISCUSSED WHAT SOME OF THEIR FRUSTRATIONS HAVE BEEN IN THE PAST. ONE OF THE BIGGEST CONCERNS I HEARD WAS THE EFFORT IN THE PAST TO SAVE MONEY FOR FUTURE CAPITAL PROJECTS, BUT THEN WHEN THE BUDGET RAN SHORT THOSE FUNDS THEY HAD SAVED VERSUS SPENT WERE THEN MOVED TO FUND OTHER DEPARTMENTS OR PRIORITIES THAT HAD COME UP THROUGHOUT THE YEAR. I DON'T THINK THERE IS ANYONE PER SE TO BLAME FOR THIS, THAT'S JUST HOW THE CITY HAS BEEN OPERATING FOR A LONG TIME. I MADE A COMMITMENT TO THE DEPARTMENT HEADS THAT IF THEY BUDGETED WITH LONG TERM PLANNING IN MIND, THEN IN 5 YEARS WHEN THEY WERE READY TO SPEND THE MONEY, IT WOULD BE THERE. I THINK THIS IS IN LINE WITH THE DIRECTION WE HAVE RECEIVED ABOUT LONG TERM PLANNING FROM THE COMMISSION DURING THE COMMISSION WORKSHOPS. ALTHOUGH THIS IS A PROBLEM ACROSS THE BOARD, IT IS MOST PREVALENT IN THE GENERAL FUND, WHERE THERE ARE MANY COMPETING INTERESTS FOR LIMITED DOLLARS.

THEN IN MARCH CINDY DOOLEY AND I SAT DOWN WITH EACH DEPARTMENT HEAD AND WE HAD AN INITIAL BUDGET DISCUSSION ABOUT THEIR DEPARTMENT. I THEN HOPED TO HAVE AN ADDITIONAL MEETING WITH THEM IN APRIL OR MAY AND THEN HAVE AN INDEPTH BUDGET WORKSHOP WITH THE COMMISSION TO GIVE YOU AN EARLY INDICATION AS TO WHERE WE WERE HEADED FOR THE UPCOMING FISCAL YEAR AND THEN A FINAL MEETING WITH DEPARTMENT HEADS. UNFORTUNATELY, MY PLANS BECAME SOMEWHAT DERAILED AS WE BEGAN TO WORK THROUGH THE WATER AND SEWER RATE DISCUSSIONS. SO I DIDN'T GET TO SPEND AS MUCH TIME AS I WANTED WITH EACH DEPARTMENT HEAD, BUT I DO THINK WE HAVE HAD APPROPRIATE DISCUSSIONS AND GATHERED ENOUGH INFORMATION TO BE ABLE TO PRESENT A REALISTIC BUDGET TONIGHT. I REALLY WANT TO THANK THE DEPARTMENT HEADS FOR THEIR INPUT THROUGHOUT THE PROCESS. BUT A HUGE THANKS GOES OUT TO CINDY DOOLEY, WHO HAS SPENT COUNTLESS HOURS WORKING THROUGH THE NUMBERS AND TRYING TO MAKE NUMBERS BALANCE OUT TO MEET MY EXPECTATIONS, THE DEPARTMENT HEAD EXPECTATIONS AND AT THE SAME TIME RAISE RED FLAGS WHEN NEEDED SO THAT WE CAN GO BACK AND LOOK AT AN AREA THAT MAY BE A PROBLEM.

IN ADDITION TO OUR APPROACH TO FUND THE CAPITAL IMPROVEMENT PROGRAMS, ANOTHER NEW APPROACH WE HAVE TAKEN THIS YEAR IS TO DO A CALCULATION AND BUDGET FOR COMPENSATED ABSENCES. IN THE PAST, THERE WAS A RESERVE BUDGETED FOR BUT AS WE LOOKED AT THE POTENTIAL IMPACTS OF PAYOUTS FOR SICK AND VACATION WHEN AN EMPLOYEE RETIRES OR LEAVES THE CITY, IT WAS CLEAR WE NEEDED TO LOOK AT THIS A LITTLE CLOSER ACROSS THE BOARD.

I AM ALSO CONCERNED ABOUT THE CITY'S AVAILABLE CASH IN THE GENERAL FUND AS WE BEGIN THIS BUDGET YEAR. I WILL DISCUSS THAT IN MORE DETAIL LATER IN THE PRESENTATION.

I WON'T REPEAT THE BUDGET MESSAGE IN ITS ENTIRETY, BUT LET ME HIGHLIGHT A FEW ITEMS.

MY GOAL THIS PAST YEAR WAS TO DEVELOP A WAGE MATRIX SYSTEM (OR AS MANY KNOW IT "A STEP AND LADDER SYSTEM") THAT WAS BUILT ON SEVERAL FACTORS. WITH A WAGE SCALE SYSTEM IN PLACE AN EMPLOYEE CAN BE PLACED ON A CERTAIN STEP BASED ON EXPERIENCE, LONGEVITY, PERFORMANCE AND OTHER CRITERIA THAT ALLOWS FOR KNOWN AND EXPECTED PROGRESSION UP THE LADDER. USING THIS SYSTEM PLACES ALL EMPLOYEES IN THE CORRECT PAY RANGE FOR THEIR POSITION. UNFORTUNATELY I DIN'T GET THIS PROJECT COMPLETED THIS YEAR.

WITH THAT SAID, I INSTEAD TOOK A LOOK AT COST OF LIVING INCREASES WHICH THIS YEAR LOOK TO BE ABOUT 1.3%. RATHER THAN DOING A 1.3% WAGE INCREASE ACROSS THE BOARD, I INSTEAD BUDGETED A 25 CENT PER HOUR INCREASE FOR EACH EMPLOYEE. I FELT THIS WAS THE FAIREST WAY TO DO THE INCREASE THIS YEAR UNTIL I CAN GET AN ACTUAL WAGE OR STEP AND LADDER SYSTEM IN PLACE

FOR HEALTH CARE, EVEN THOUGH WE WERE ABLE TO SEE AN OVERALL SMALL RATE DECREASE THIS YEAR FOR HEALTH INSURANCE, IT DID COME WITH SOME COSTS. A LARGE CHANGE UNDER THE AFFORDABLE CARE ACT IS HOW RATES ARE NOW CALCULATED. IN THE PAST A GROUP RATE WAS QUOTED BASED ON THE SIZE OF THE GROUP AND BASED ON POTENTIAL RISKS THE INSURER SAW BASED ON THE AGE AND HEALTH OF THE GROUP. NOW THE RATES WE RECEIVE ARE BASED ON THOSE FACTORS, PLUS, NOW THERE IS AN ACTUAL AGE RATING WITHIN THE GROUP, SO AS AN EXAMPLE, THE SAME COVERAGE FOR A 25 YEAR OLD WILL BE LESS THAN SOMEONE WHO IS 45. THIS ADJUSTMENT ISN'T NECESSARILY MADE BASED ON A REVIEW OF HEALTH INFORMATION, BUT INSTEAD JUST BECAUSE YOU ARE IN A CERTAIN AGE CATEGORY.

THE EMPLOYEES HAVE ALSO SEEN A COST INCREASE IN THE TYPE OF PLAN WE ARE NOW OFFERING. UNDER THE RENEWAL THIS YEAR, EMPLOYEES ON THE HIGH DEDUCTIBLE PLAN WILL PAY AN INDIVIDUAL DEDUCTIBLE OF \$5,000 AS OPPOSED TO \$3,000 IN THE PREVIOUS YEAR AND THE FAMILY DEDUCTIBLE HAS BEEN RAISED TO \$10,000. IT WAS \$6,000 IN THE PREVIOUS YEAR. IN ADDITION, THE OUT OF POCKET MAXIMUMS HAVE INCREASED. PREVIOUSLY AFTER THE DEDUCTIBLE WAS MET, THE INSURANCE PAID 100% OF ALL ADDITIONAL COSTS, BUT THERE IS NOW A 20% CO-PAY WHICH PUTS THE MAXIMUM OUT OF POCKET FOR AN INDIVIDUAL AT \$6,250 AND A FAMILY AT \$12,500. THE INCREASE IN THE DEDUCTIBLES, DID GIVE THE CITY A SAVINGS OF ABOUT 22% ON THE PREMIUM COSTS, BUT IT ALSO INCREASED THE BURDEN ON THE EMPLOYEES, SO A \$50 PER MONTH CONTRIBUTION TO A HEALTH SAVINGS ACCOUNT WAS REINSTATED FOR EMPLOYEES ON THE HIGH DEDUCTIBLE PLAN.

IN ADDITION WE HAVE SEVERAL EMPLOYEES ON THE 80/20 PLAN AND THEY ALSO SAW AN INCREASE IN DEDUCTIBLES: FOR AN INDIVIDUAL IT IS NOW \$1,000 VS. \$750 IN THE PREVIOUS YEAR AND FOR A FAMILY IT IS \$2,000 VS \$1,500. THE OUT OF POCKET COSTS ALSO INCREASED. THIS PREMIUM IS SIGNIFICANTLY MORE EXPENSIVE FOR THE CITY BECAUSE OF THE LOW DEDUCTIBLES, SO EMPLOYEES MUST PAY THE PREMIUM FOR SPOUSES AND/OR FAMILY MEMBERS THAT THEY WISH TO COVER ON THIS PLAN.

THIS BRINGS ME BACK TO MY EARLIER CONCERN I EXPRESSED REGARDING THE GENERAL FUND. HEALTHCARE COSTS NOW CONSUME 10% OF THE GENERAL FUND. ALTHOUGH WE DID NOT PROPOSE TO INCREASE THE MEDICAL MILL LEVY THIS YEAR, IT IS SOMETHING WE NEED TO HAVE A DISCUSSION ABOUT IN THE FUTURE. THE CITY CURRENTLY LEVYS 7.5 MILLS UNDER THE PERMISSIVE MEDICAL MILL WHICH WILL GENERATE \$73,463 IN REVENUE THIS YEAR TO HELP OFFSET THE GOVERNMENTAL FUNDS HEALTHCARE COSTS OF \$279,066. WE COULD LEVY UP TO 19.99 MILLS, WHICH WOULD GENERATE \$202,217 IN REVENUE. THIS IS IMPORTANT TO CONSIDER WHEN WE GO BACK AND LOOK AT A REASON AS TO WHY WE HAVE NOT BEEN ABLE TO CONSISTENTLY FUND A CAPITAL IMPROVEMENT PROGRAM WITHIN THE GENERAL FUND. THOSE EXTRA DOLLARS WERE MANY TIMES NEEDED TO PAY FOR HEALTHCARE COSTS, EVEN THOUGH THERE HAS BEEN PUT IN PLACE BY THE LEGISLATURE A MECHANISM TO ESTABLISH A HEALTHCARE FUNDING STREAM. BY ALLOWING THIS SHORTFALL TO CONTINUE EVERY YEAR IS WHAT HAS CONTRIBUTED TO A VERY TENIOUS CASH POSITION IN THE GENERAL FUND.

THIS YEAR THE CITIZENS VOTED TO CONDUCT A LOCAL GOVERNMENT REVIEW. AS A PART OF THE VOTE, THE CITIZENS ALSO VOTED IN A LEVY TO FUND THAT STUDY. THE BUDGET FOR THE STUDY COMMISSION WAS SET AT \$14,500 AND WILL BE FUNDED WITH 1.48 MILLS. THIS WILL COST A TAXPAYER WITH A \$100,000 MARKET VALUE HOME \$3.66.

IN AN EFFORT TO IDENTIFY COST SAVINGS THROUGHOUT THE ENTIRE BUDGET, WE HAVE BEGUN LOOKING AT THE TELEPHONE AND DATA SERVICES PROVIDED TO THE CITY. WE QUICKLY REALIZED THE COMPLEXITY OF THE VARIOUS TELEPHONE AND INTERNET BILLS

WE RECEIVED AND HAVE PARTNERED WITH A COMPANY BY THE NAME OF SCHOOLY MITCHELL WHO SPECIALIZES IN FOR LACK OF A BETTER TERM “PEELING BACK THE ONION” ON THESE BILLS. WE EXPECT TO SEE SEVERAL LARGE REFUNDS FOR SERVICES WE HAVE BEEN CHARGED FOR AND NOT RECEIVED AND WE ARE LOOKING TO CUT BACK ON THE TYPES OF SERVICES PROVIDED. LATER IN THE YEAR, WE WILL BRING A FULL PRESENTATION OF THE COST SAVINGS WE HAVE ACHIEVED THROUGH THIS PARTNERSHIP.

WITHIN OUR SPECIAL REVENUE FUNDS I WOULD LIKE TO HIGHLIGHT THE RECEIPT OF A GRANT FOR THE FIRE DEPARTMENT IN THE AMOUNT OF \$112,350. OUR FIRECHIEF JOHN FAIRCHILD HAS BEEN WORKING ON THIS PROJECT FOR MANY YEARS AND WAS FINALLY AWARDED A GRANT TO BUILD A FIRE TRAINING CENTER. CONGRATULATIONS TO JOHN AND THE FIRE DEPARTMENT.

NOW LET’S ACTUALLY TURN TO THE NUMBERS AND WORK OUR WAY THROUGH THE SPECIFICS OF THE BUDGET. I AM GOING TO TRY AND TOUCH ON THE NUMBERS FROM A HIGHER LEVEL PERSPECTIVE AND WILL RELY ON CINDY AND THE DEPARTMENT HEADS TO ANSWER ANY SPECIFIC DETAIL QUESTIONS YOU MIGHT HAVE WITHIN THEIR DEPARTMENT BUDGETS.

LET’S START WITH THE TOP SHEET, REVENUES COMPARED TO EXPENDITURES. AS A QUICK OVERVIEW, LET’S WALK ACROSS THE SHEET FROM LEFT TO RIGHT. THE FIRST COLUMN IS THE ACTUAL FUNDS THAT ARE ESTABLISHED FOR THE CITY. THE NEXT COLUMN, CASH AVAILABLE, IS WHAT WAS IN THAT FUND AT THE START OF THE FY 15 FISCAL YEAR. THE NEXT COLUMN PROPOSED REVENUE, IS THE REVENUE WE ARE EXPECTING FOR EACH FUND. THAT PROPOSED REVENUE IS DEVELOPED BASED ON ACTUALS, SUCH AS PROJECTED TAX COLLECTIONS, REVENUE HISTORY OF THE FUND, AND SOMETIMES A BEST GUESS. THE NEXT COLUMN IS OUR PROPOSED EXPENDITURES WITHIN EACH FUND. AGAIN BASED ON THE PREVIOUS FACTORS AS DISCUSSED FOR REVENUE. THE NEXT COLUMN IS ACCOUNTS PAYABLE AND RECEIVABLE CURRENTLY OUTSTANDING. REMEMBER, OUR FISCAL YEAR STARTED ON JULY 1ST. AND FINALLY, THE LAST COLUMN IS WHAT WE ARE PROJECTING TO BE REMAINING IN THOSE FUNDS AT THE END OF THE FISCAL YEAR. I WON’T SPEAK TO EVERY FUND, BUT INSTEAD WILL HIGHLIGHT THE ONES THAT I THINK WARRANT YOUR ATTENTION. BUT, FEEL FREE TO ASK QUESTIONS ON ANY FUND THAT I DON’T TOUCH ON.

SO IF WE START WITH THE FIRST LINE FUND 1000, OR THE GENERAL FUND, YOU CAN SEE MY CONCERN PARTICULARLY IN OUR BEGINNING CASH AVAILABLE OF \$386,373 VERSUS OUR PROJECTED CASH AT THE END OF THE YEAR OF \$287,182. THESE NUMBERS ARE VERY IMPORTANT AS UNTIL WE GET THE TAX PAYMENT IN LATE NOVEMBER OR EARLY DECEMBER, THAT BECOMES OUR OPERATING CAPITAL FOR THE GENERAL FUND FOR SIX MONTHS.

IN FUND 2002 – PARKS IMPACT FEES YOU WILL SEE AN EXPENDITURE OF \$10,000 PROPOSED. THIS WILL HELP THE PARKS DEPARTMENT PURCHASE A KAWASAKI BRUTUS RANGER UTILITY VEHICLE WITH BRUSH AND SNOW BLOWER FOR TRAIL, PATH AND SIDEWALK MAINTENANCE

FUND 2020 IS THE POLICE MUNICIPAL SERVICES LEVY. WE ARE EXPECTING REVENUE IN THIS FUND OF \$195,961. THIS LEVY ASSISTS THE POLICE DEPARTMENT IN THE FUNDING OF SOME OF THE OFFICER POSITIONS AND IN THE PURCHASE OF EQUIPMENT.

FUND 2310 IS THE TAX INCREMENT DISTRICT. THE PROPOSED EXPENDITURES IN THIS FUND OF \$206,819 IS A PROPOSED EXPENDITURE TO PAVE THE SALISH POINT PARKING LOT IN FRONT OF THE CITY DOCK AND DEBT SERVICE ON THE CITY DOCK AND PATHWAY PROJECT

FUND 2350 WHICH HAS ALREADY BEEN DISCUSSED IS THE LOCAL GOVERNMENT STUDY COMMISSION LEVY, WHICH WILL GENERATE \$14,500 DOLLARS. ALTHOUGH WE ARE SHOWING THE FULL EXPENDITURE OF THE FUNDS, WE ACTUALLY WON’T BE SPENDING THAT ENTIRE AMOUNT DOWN, AS THIS IS A TWO YEAR BUDGET, SO THE ELECTED STUDY COMMISSION WILL NEED TO STAY WITHIN THAT AMOUNT FOR THEIR ENTIRE TERM.

FUND 2390 IS OUR DRUG FORFEITURE FUND – THIS FUND IS CONTINUING TO GROW THROUGH THE SUCCESSFUL EFFORTS OF THE CITY, COUNTY AND TRIBAL OFFICERS WHO ARE SERVING AS MEMBERS OF THE MISSION MOUNTAIN DRUG TASK FORCE.

FUND 2394 IS OUR BUILDING CODE ENFORCEMENT FUND – WITH THE UPSWING IN RESIDENTIAL AND COMMERCIAL CONSTRUCTION WE ARE SEEING AND WITH THE ADDITION OF THE FEES WE WILL START COLLECTING FOR MECHANICAL, PLUMBING, AND RESIDENTIAL ELECTRIC INSPECTIONS, WE HAVE PROJECTED REVENUE OF \$104,500. THIS FALLS IN THE BEST GUESS CATEGORY I DISCUSSED EARLIER. THIS FUND HAS RUN IN A DEFICIT FOR SEVERAL YEARS DUE TO THE LACK OF CONSTRUCTION, SO OUR GOAL IS TO WORK VERY HARD TO BRING THIS FUND INTO THE BLACK WITHIN THE NEXT TWO OR THREE FISCAL YEARS.

FUND 2810 IS THE POLICE TRAINING FUND – THIS FUND RECEIVES REVENUE FROM THE STATE AS A PART OF THE INSURANCE APPORTIONMENT. THE DECREASE THIS YEAR IS DUE TO THE FACT THAT SEVERAL OF OUR OFFICERS SWITCHED TO MPORS FROM PERS. WE WILL STILL RECEIVE OUR APPORTIONMENT FOR THE OFFICERS WHO REMAINED IN PERS, BUT NOT FOR THE MPORS OFFICERS.

FUND 4530 IS THE TAX INCREMENT DISTRICT CITY DOCK AND WALKPATH FUND. THE ORIGINAL PROJECT CAME IN UNDER BUDGET, SO WE HAVE IDENTIFIED SOME ADDITIONAL LIGHTING WHICH CAN BE INSTALLED IN BOTH SACAJAWEA PARK AND RIVERSIDE PARK WHICH WILL CONNECT TO THE NEW WALKWAY. IF FUNDING ALLOWS, WE MAY BE ABLE TO CARRY THE LIGHTS ALL THE WAY TO THE CITY DOCK.

FUND 5010 IS THE GOLF FUND – AS DISCUSSED IN THE BUDGET MESSAGE, THIS WILL BE THE SECOND YEAR OF PAYMENT ON THE GOLF REVENUE REFUNDING BOND. THE CITY IS ALSO LOOKING AT TWO MAJOR PROJECTS FOR THE GOLF COURSE. THE FIRST IS A NEW CART STORAGE BUILDING IN FISCAL YEAR 2015 AND THE INSTALLATION OF A NEW IRRIGATION SYSTEM FOR THE OLDE NINE IN FISCAL YEAR 2016. YOU MAY REMEMBER WE COMPLETED THE DESIGN THIS YEAR, BUT HELD OFF ON BIDDING THE PROJECT DUE TO THE LATENESS OF THE SEASON AND THE NEED TO CONFIRM OUR FUNDING OPTIONS.

FUND 5310 IS OUR SEWER FUND – WE HAVE BUDGETED PROJECTED REVENUES AND EXPENDITURES FOR THE WASTEWATER PROJECT BASED ON THE ENGINEER ESTIMATE PROVIDED BY THE PROJECT ENGINEER.

THIS CONCLUDES MY PRESENTATION. ALONG WITH THIS PRESENTATION, THE BUDGET MESSAGE AND THE DETAILED BUDGET YOU HAVE BEEN PROVIDED I HOPE YOU FEEL YOU HAVE THE INFORMATION YOU NEED IN ORDER TO MOVE FORWARD ON THE 15TH AND ADOPT THIS BUDGET. I HAVE TALKED ABOUT TRYING TO DEVELOP A LONGTERM, FUNDED AND SUSTAINABLE CAPITAL IMPROVEMENTS PROGRAM FOR THE CITY THAT I HOPE WILL ALLOW US TO APPROPRIATELY NOT ONLY PLAN FOR THE FUTURE, BUT ALSO HAVE THE FUNDING IN PLACE TO EXECUTE SOME OF THOSE MAJOR PROJECTS. BEFORE WE ADDRESS ANY DETAILED QUESTIONS YOU MIGHT HAVE, I WOULD LIKE TO TURN THINGS OVER TO CINDY DOOLEY, WHO WILL PROVIDE YOU THE SPECIFIC DETAILED CHANGES WE HAVE ALREADY MADE TO THE BUDGET SINCE IT WAS RELEASED ON FRIDAY.

City of Polson Finance Officer Cindy Dooley presented an extensive look at the Revenue and Expenditure portion of the budget. There were comments regarding the funds and revenues. A brief discussion occurred regarding the permissive medical mills. **Commissioner Campbell motion to approve the fiscal year 2014-15 preliminary budget proposal and call for a Public Hearing. Commissioner Turner second.** Commission discussion: Commissioner Campbell thanked City Manager Shives and Finance Officer Dooley for keeping the expenses down on the medical mill. Mayor Knutson also thanked City Manager Shives and Finance Officer Dooley for all their time in preparing the preliminary budget. Public Comment: **Ken Avison**, “Just a question for Cindy. Cindy how much does a one mil generate?” Finance Officer Cindy Dooley, “One mil this year will generate \$9, 378.00” **Elsa Duford**, “I just wanted to know are you going to take a vote on this preliminary budget.” Mayor Knutson, “We are doing a vote on the preliminary budget. We have to pass the preliminary budget in order to start the Public Hearing process. So we will do a vote on the preliminary budget.” Elsa Duford, “I was going to say that the public hasn’t seen this.” Mayor Knutson, “That’s the process of what we will do.” **VOTE: Unanimous Motion carried**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA.-Ken Avison, “A question. Again I apologize not being in the loop. Earlier this summer, or at some point there was a lawsuit brought against the City Commission by the Citizens for Good Government, or some agency having to do with the hiring of the City Manager. I don’t know the outcome. Can you fill me in?” City Manager Mark Shives, “Basically Judge Manley accepted the City’s motion for Summary Judgment. The suit was basically, he threw the suit out. I guess I’d call it the City won on Summary Judgment.” Ken Avison, “Thank you.”

Mayor Knutson asked for a motion to adjourn. Commissioner Southerland motioned to adjourn. Commissioner Turner second. Vote: Unanimous Motion carried

ADJOURN 8:15 p.m.

Mayor Knutson

Mayor Knutson

ATTEST:

Cora E. Pritt, City Clerk