

**POLSON CITY COMMISSION MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
WEDNESDAY SEPTEMBER 5, 2012, 7:00 PM**

ATTENDANCE: City Commissioners: Todd Erickson, John Campbell, Stephen Turner, Mike Lies, Dan Morrison, Fred Funke and Mayor Pat DeVries presiding. City Manager Todd Crossett, City Treasurer Bonnie Manicke, City Clerk Cindy Dooley, Police Chief Wade Nash, Fire Chief John Fairchild, Water & Sewer Superintendent Tony Porrazzo and Street Superintendent Terry Gembala present. Others present (that signed in): Rory Horning, David DeVore, Elsa Duford and Murat Kalinyaprak. City Attorney James Raymond absent.

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

APPROVAL OF PROPOSED AGENDA: Commissioner Funke moved to approve the proposed agenda, seconded by Commissioner Campbell. Commission discussion: None. Public discussion: None. Motion carried unanimously.

CONSENT AGENDA:

A. ADDITIONAL JUNE CLAIMS

B. AUGUST 17 - 31 CLAIMS

C. APPROVAL OF CITY LIQUOR LICENSE FOR BIG SKY BISTRO

Commissioner Morrison moved to approve the consent agenda, seconded by Commissioner Erickson. Commission discussion: Commissioner Campbell asked what the term shared costs meant on page 1 of the claim report. City Clerk Dooley said this was added to facilities to denote that this account is being used for costs that are shared by all departments. Commissioner Lies asked where the Big Sky Bistro was located. Mayor DeVries said it is on Main Street on the corner across from where the Stageline Pizza was previously located and across from the Glacier Bank drive-up. Public discussion: None. Motion carried unanimously.

COMMISSION MEETING MINUTES AUGUST 20, 2012: Commissioner Lies moved to approve the City Commission meeting minutes of August 20, 2012, seconded by Commissioner Funke. Commission discussion: None. Public discussion: Murat Kalinyaprak asked for a correction to the minutes because the use of the wording “motion carried unanimously” is inaccurate in his opinion. He said that minutes from November 7, 2011 showed a breakdown of the vote by Commissioner and included a vote by the Mayor. He is still wondering why the Mayor is not voting. Motion carried unanimously.

CITY MANAGER COMMENTS: The fire department has been very busy. Several calls have been related to fires that started from burning barrels. The City does not allow burning barrels and the Fire Department wishes to remind people that they are dangerous and to please not use them. Parks Superintendent Sargeant is working on the Plains fire. The fire department is also going to do a membership drive because volunteers are increasingly working out of town which limits the number of responders.

The Skyline project is in full swing. It has been determined that during the winter, traffic will resume in both directions. Street Superintendent Gembala is looking at getting the City’s right-of-way between Claffey and JB Drive smoothed out to handle traffic going south towards highway 93 this fall and winter. Eventually this right-of-way will be used for a pedestrian trail from Claffey Drive to JB Drive that will be

done within the project time frame. The cost is not included in the Skyline project. One piece of news is that the trail connecting Skyline and the HWY 93 trail via Caffery Rd. that was originally in the TIGER grant project but was removed because of cost may be completed as planned. The City has been working with the Tribe and the County Commissioners to figure out a way to get the trail done. If the governments donate their equipment and labor costs to the project then the trail can be completed for the cost of the materials. The trail would then connect up with the Carol Sherick trail.

The Parks department is working on the Boettcher Park playground upgrade, using the \$25,000 donation from the McCann family. They are also working on fixing the drip system at Jorgensen Park across the Bridge. This will necessitate laying waterline under the roadway.

City Manager Crossett, Mayor DeVries and representatives from the Chamber met with the Mission Valley Cruisers to discuss the car show event that was held in August and the problems that came up. It was discussed how to do things better and avoid the problems. The car show is a good event for Polson but they are in need of additional volunteers to help out next year. All of the proceeds are donated out and not retained by the car club so it benefits Polson in many ways.

The City is continuing to compile warranty issues on the Streetscape project. There will be a walk-through next week with the Contractor. City Manager Crossett asked that citizens contact the City with any issues that they think may not have been addressed.

The Heart & Soul project is still looking for additional volunteers to serve on the CAT (community advisory team). There is a full docket of community events scheduled for this fall. The CAT meets on Wednesday nights and if you are interested talk with City Manager Crossett or Project coordinators Daniel and Darlis Smith at the library.

City Manager Crossett reported on a study done by Gallop and the McKnight Foundation involving about 26 cities. Citizens affinity for their community was measured which involved their reasons for staying in a community and being a part of the community. It was determined that a high level of affinity correlated to higher economic development in the community. The study also asked what drove the affinity and it was determined that there were three solid underlying factors: welcoming atmosphere, pleasing aesthetic and varied social offerings, meaning opportunities to connect with other people. City Manager Crossett said as we look at ways to grow our economy we need to be aware of these underlying factors.

Mayor DeVries commented on the article in the Daily Interlake and the article in the Valley Journal about our local software business, Black Mountain Software and their customer service model. She said that she talked with a Black Mountain employee who said there were 4,000 hits on their Facebook page after the article came out in the Interlake.

City Manager Crossett said there is a new business moving into the building where the lighting store was. It is a company that sells quilting machinery, but he does not have any more details than that. Apparently, they do significant business on a national scale.

NEW BUSINESS

INFORMATION ON FIRST ANNUAL TRIATHLON: Matt Seeley thanked the Commission and the City of Polson for their support of the Triathlon. It has been his dream to have a triathlon in Polson for

many years. He has been racing for a long time, competing in over 150 triathlons. Polson is an incredible venue for this type of event but significant community support would be needed to make it happen. Penny Jarecki of the Greater Polson Community Foundation and City Manager Crossett, through Envision Polson, provided impetus, and as the idea gained support among local triathletes, the City and the Greater Polson Community Foundation made it easier to plan the event knowing there would be community support. There are a lot of details that go into an event like this and he was impressed with all the community effort put into it. There were seventeen businesses and individuals that contributed cash sponsorships. The efforts by the Polson Street, Parks and Police departments and the County law enforcement were amazing. There was a great deal of enthusiasm for the event. On event day there were over 100 individual racers and thirty-plus racers on teams. This was a great turnout for a first time event. There were a lot of spectators along the route as-well. After the event people commented that it was a lot bigger than they thought it would be. Businesses that were not involved asked to participate as sponsors for next year. Racers liked the venue and based on those comments it is reasonable that the event could double in size next year. It could become one of Polson's biggest summer events. There are several changes to the event that are being discussed including encouraging participants to come and stay the night before in Polson by providing a pasta feed, and encouraging them to stay after and enjoy other Polson events. The Smokin' on the Water event at KwaTaqNuk had more traffic than usual and attributed that to the triathlon. There were over 100 volunteers that helped on land and in the water. The event is scheduled for August 17th next year. The presentation was followed by a round of applause.

Ken Avison said that through his business, he talked with many of the triathletes and they all commented on how well organized the event was and how challenging the course was which is very important. This was a great event for local business people and all of the special events in the summer help the businesses make it through the winter months. He hopes that many of the racers may come back for a vacation or someday buy a home in Polson. He thanked the City Commission and the Parks, Streets and Police departments for their support of the event. On race day he had the opportunity to walk over to the Park and he remarked at how gorgeous the park was to others standing nearby. Again he thanked the City Commission and Matt Seeley for organizing the event. The presentation was followed by a round of applause.

City Manager Crossett said there was incredible involvement from many crews including City Parks, Streets, Police and Fire; County law enforcement, Search and Rescue, teachers and school groups. City Manager Crossett thanked Matt Seeley and his wife Tana for taking on this event along with all their other activities. Mayor DeVries thanked Matt Seeley and Ken Avison for their comments.

APPROVE DONATION OF 2013 SEASON GOLF PASS TO MISSION VALLEY AQUATICS FUNDRAISER: The Golf Board is recommending that the Commission donate a 2013 season golf pass for the Mission Valley Aquatics fundraiser in November. This will be a big event that includes an auction of everything from houses to the kitchen sink (literally). **Commissioner Lies was in support of this and moved to approve the donation of a 2013 season golf pass to the Mission Valley Aquatics fundraiser, seconded by Commissioner Morrison.** Commission discussion: None. Public discussion: Murat Kalinyaprak said his understanding of the rules for donating golf passes is that the organization needs to be a service organization and a public organization. He said that Mission Valley Aquatics claimed that they are a private 501(c)(3) corporation so by definition they are not service oriented and he is not sure how the golf board justified donating this pass. Mayor DeVries said that their 501(c)(3) status gives them tax-exempt status under the public domain and they are closely tied to the Recreation district which puts them more in the public arena. Commissioner Campbell agreed. **Motion carried unanimously.**

APPROVE RESOLUTION NO. 1031 REVISING RESOLUTION NO. 1021: Mayor DeVries said that the auditor pointed out that in Resolution #1021 that Section 2 had the spending order reversed. It should be restricted, then committed, then assigned. Resolution #1031 is identical to the previous Resolution except that the spending order is changed in Section 2. City Clerk Dooley explained that Restricted funds are amounts such as grants that are legally restricted by an outside entity or law, Committed funds are those that the Commission has restricted through an Ordinance, Resolution or some other act and Assigned funds are those monies that the Commission or Management decides should be set aside. **Commissioner Morrison moved to approve Resolution #1031, seconded by Commissioner Campbell.** Commission discussion: None. Public discussion: None. **Commissioners Funke, Morrison, Lies, Turner, Campbell and Erickson voted aye. Motion carried.**

APPROVE RESOLUTION NO. 1032 ESTABLISHING A CAPITAL IMPROVEMENT PROGRAM (CIP): City Manager Crossett said that as part of the budget proposal the City would like to create a CIP to set up targeted reserves for large capital outlay items such as replacing breathing apparatus and police cars. This plan will build those capital reserves. City Clerk Dooley said the plan must be written and it is included in the resolution to present the report at the same time as the impact fee report since they both deal with capital assets, so the report would be presented in May of each year detailing a plan for the next five years. Commissioner Morrison said he feels the CIP makes a lot of sense. **Commissioner Morrison moved to approve Resolution #1032 establishing the CIP, seconded by Commissioner Funke.** Commission discussion: Mayor DeVries said she is in favor of the CIP but she is not sure about Section 1.B. dealing with priorities. She feels that the priorities as written would allow anything that is in 5 to be in 1 and vice-versa. She asked City Manager Crossett if it needed to be in the Resolution. He said that he felt it could be omitted as the priorities can change quickly depending on circumstances. He said that it was important to have a plan but to also retain the flexibility to adapt the plan to changing circumstances. City Clerk Dooley said this section deals mainly with policy and if we agree among ourselves on how to proceed than she feels it doesn't need to be formally stated. Commissioner Lies said this came up at the League of Cities and Towns meeting last year where a lady from Billings spoke on the subject. She said you should not set priorities because they change from year-to-year and you are not going to be able to follow them. Major projects become minor projects and vice-versa so it is better not to set priorities. **Commissioner Morrison amended his motion to include striking Section 1.B. and renaming Section 1.C. to Section 1.B.** Public discussion: Ken Avison asked about cash reserve limitations and the accumulation of CIP funds. City Clerk Dooley explained that governmental funds that receive tax money are subject to a cap of 50% of proposed expenditures for their cash reserves in their respective funds. However, the MCA allows for the establishment of CIP funds that have no cap on cash accumulation, so these funds can grow quite large. Once the money is moved into the CIP fund it is very difficult to move it back so when the transfer is made the entity needs to be sure that that money will be spent on capital assets. City Manager Crossett said it is important to have both the cash reserves in the general fund for operations and the reserves for capital outlay. The general fund cash reserves are used to get the City through the first half of the fiscal year when not much revenue is received. This avoids borrowing money and also gives the City contingency funds for coping with unforeseen circumstances such as a harsh, snowy winter. Having the CIP will be an advantage for the departments to know they have funds set aside to purchase their large capital assets. Commissioner Campbell pointed out that these funds can also be helpful in securing grants as they can be used as matching funds. These funds can also save on interest expense by reducing the amount that has to be borrowed. **Commissioners Erickson, Campbell, Turner, Lies, Morrison and Funke voted aye. Motion carried.**

APPROVE RESOLUTION NO. 1033 ADOPTING A BUDGET FOR FY13: City Manager Crossett said that the public hearing on the budget and permissive medical levy was held on August 27th. City

Manager Crossett said that he met with Commissioner Turner since he was unable to attend the public hearing and discussed the issues that were presented. City Manager Crossett supplied the information that was requested on pay increases and the health insurance to each of the Commissioners. He stated that the increase in the premium was only 1% but the overall cost is higher, approximately \$16,000 higher in the General fund because of a change in demographics with younger employees leaving, older employees coming on, the police department filling vacant positions, and employees moving into higher age brackets. If the increase in cost is spread evenly among the employees it would be approximately \$150 per month per employee. He also answered questions from Mayor DeVries and she commented that she forwarded her questions to the other Commissioners. City Manager Crossett said he was open to further discussion on the budget. Commissioner Campbell asked if the figure that shows the revenue of \$51,000 from the permissive medical levy is the insurance for all the employees. City Clerk Dooley said that the total increase since the 2006 base year is approximately \$145,000. The mills last year were about 4.9 (Clerk note: the mills were 4.6) and this year the proposed mills are 5.5. Mayor DeVries confirmed with City Clerk Dooley that the monthly premiums are about \$26,000 for both governmental and enterprise funds which equates to about \$292,000 in round numbers for premium. City Manager Crossett said most employees are on the high deductible plan which has a \$3,000 per person and \$6,000 per family deductible. This will cover catastrophic illnesses, but most medical expenses will be paid out-of-pocket. City Manager Crossett said it is important to him to have employees covered. When he came to Polson very few employees were on the health insurance because they could not make it work. Now everyone is covered which has a benefit to the overall effectiveness of the organization. City Manager Crossett said that compared to other cities with much more resources and employees that we operating at a level of activity that compared with the Whitefishes and Ketchums. It is important to keep our staff healthy in order to keep our small departments going. Mayor DeVries confirmed with City Manager Crossett that those on the 80/20 plan are already paying a portion of their premium. City Manager Crossett said that on the 80/20 plan it is difficult for employees to afford to cover a spouse or family members because the premium is so high, but it is much easier on the high deductible plan for the City to pay the premium for families. Commissioner Campbell asked if the enterprise funds are paying the entire cost of the premiums for their employees and that the permissive medical mills are only for the general fund. City Manager Crossett said that is correct. Mayor DeVries asked when the budget needed to be approved. City Manager Crossett said the deadline is on the Sunday before the next meeting, but he said that Monday, September 17th at the regular meeting should be okay. City Manager Crossett said that in discussions with City Clerk Dooley they felt it was better to make a small increase in the mills now rather than have to make a large change later, but if this is a problem he would ask that the approval be tabled to allow time to go back to the drawing board. Commissioner Campbell said this is a hard decision because you don't want to dump the cost on the employees, but you don't want to burden the taxpayers either. Mayor DeVries asked for the levy information again. City Clerk Dooley said that the increase to 5.5 mills is less than 1 mill and that this equates to a tax increase on a home with a market value of \$100,000 of about \$1.91 for the year. Commissioner Campbell asked if the County levies the permissive levy also. City Clerk Dooley said the County is allowed to mill this as-well. Ken Avison asked what the value of a mill is and what was last year's mill value. City Clerk Dooley said the value this year is \$9,248 and the value last year was approximately 8,987 (Clerk note: actual value in previous year was \$8,997). Commissioner Campbell asked why the contribution by the golf enterprise fund of \$30,000 to the general fund is so much lower than the amount contributed by the water and sewer funds which is about \$85,000 combined. Mayor DeVries asked City Treasurer Manicke if this is part of the bond covenants and she replied that it is part of the covenant and that the golf fund is transferring the maximum allowed. Mayor DeVries said that if the bonds were refunded that this requirement would go away. Commissioner Campbell asked how much time was left to retire the bonds. City Manager Crossett said that City Treasurer Manicke and City Clerk Dooley had formulated a plan with the golf department staff to begin

looking at how to retire the debt. City Clerk Dooley said that the City is going to begin by making an advance call of \$25,000 on the next scheduled bond payment date which is October 1st. This will be a reverse call meaning that it will retire bonds that would be paid on our final bond payment. If we do an advance call at each bond payment we could have the golf course totally out of debt by 2018. As long as the debt is outstanding the maximum that can be transferred is \$30,000 each year to the general fund. It has been about 6 to 7 years since the last study was done to determine the internal costs, so we are about due to have this recalculated. City Treasurer Manicke said that the original issue on the bonds was for \$1.6 million dollars in 1998 and that the enterprise transfer was capped in the bond ordinance. She said that in meetings with the financial advisors they felt the golf course would not be able to make the payments but here we are in 2012 and still making the payments. City Treasurer Manicke said that one of the reasons to avoid refunding the bonds is that there would be approximately \$30,000 to \$40,000 in bond counsel and other financial costs that the golf course would have to pay. Golf revenue bonds are considered high risk bonds and would require some financial management. City Manager Crossett said he wanted to acknowledge City Treasurer Manicke for playing a large role in helping us brainstorm this. **Commissioner Lies moved to table adoption of the budget to the next regular commission meeting, seconded by Commissioner Funke.** Commission discussion: Mayor DeVries said if there is a specific reason that this is being tabled; that needs to be communicated to City Manager Crossett. Mayor DeVries asked if we are okay to wait until the next meeting. City Manager Crossett said that was okay and that a workshop could also be held in between if the Commission wanted that. **Commissioners Funke, Morrison, Lies, Turner, Campbell and Erickson voted aye. Motion carried.**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA:

None.

The meeting adjourned at 8:05 p.m.

Mayor Pat DeVries

Attest: Cindy Dooley, City Clerk