

# CITY OF POLSON COMMISSION MEETING

Commission Chambers

September 15, 2014

7:00 p.m.

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

**Others present (that voluntarily signed in):** Steven Alexander, Dave Cottington, Elsa Duford, Rick LaPiana, Bonnie Manicke, Johna Morrison, Dave Russell, Jared Russell, 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- Mayor Knutson made a change to the agenda. Agenda Item Number 12 to be heard right after Agenda Item Number 8. Commissioner Southerland motion to approve the proposed agenda with the change. Commissioner Campbell second.**

Commission Discussion: none Public Comment: none

**VOTE: Unanimous Motion carried**

**APPROVAL OF CITY COMMISSION MEETING MINUTES AUGUST 27, 2014-Commissioner Campbell motion to approve City Commission Meeting Minutes August 27, 2014. Commissioner Turner second.** City Commission discussion: none Public Comment: none.

**VOTE: Commissioner Siler abstain 6 ayes Motion carried**

**APPROVAL OF CITY COMMISSION PUBLIC HEARING MINUTES SEPTEMBER 3, 2014-Commissioner Southerland motion to approve City Commission Public Hearing Minutes September 3, 2014. Commissioner Morrison second.** City Commission discussion: none

Public Comment: none.

**VOTE: Commissioner Siler abstain 6 ayes Motion carried**

**APPROVAL OF CITY COMMISSION MEETING MINUTES SEPTEMBER 3, 2014-Commissioner Campbell motion to approve City Commission Meeting Minutes September 3, 2014. Commissioner Turner second.** City Commission discussion: none Public Comment: none.

**VOTE: Commissioner Siler abstain 6 ayes Motion carried**

**CONSENT AGENDA-(a). Additional Claims June, 2014 (b). Additional Claims August 2014 (c) Claims September 1-10, 2014. Commissioner Turner motion to approve the Consent Agenda. Commissioner Erickson second.** Commission discussion: Mayor Knutson noted that there were two checks paid under Legal Services to McKeon & Morigeau Law. This has been corrected. One was paid to Gebhardt and one to Morigeau. Public Comment: Elsa Duford, "I just got some information from Cindy. It pertained to what I spoke about at the Public Hearing about the funding of the Study Commission. She gave me a different Montana Code, which is 7-3-184. This code was not used as part of the ballot measure or the Resolution the City passed, or the Montana Code that the Commission vote was formed under. For those that weren't at the earlier meeting, I pointed out to the Commission that the

ballot for the, June 3<sup>rd</sup> ballot, for the Local Government Study Commission, and I'm just going to read it quickly, "For the review of the government for the City of Polson and the establishment and funding not to exceed \$14,500.00 of a Local Government Study Commission consisting of 5 members to examine the government of the City of Polson and submit recommendation on the government." That was the ballot language and there is nothing on the ballot language that would inform the voter that there was going to be a levy attached to this Commission. I also referred to the Resolution that the City passed which was No. 1053, and they refer to the Montana Code 7-3-175. That is similar to the ballot language. That Montana Code number states, FOR the review of the government of (insert name of local government) and the establishment and funding, not to exceed (insert dollar or mill amount), and that is what the Commission used to establish the Resolution and also the ballot measure. So for the, I don't know if I can say it clearly enough, there was no mention to the voters that there was a levy involved in this Study Commission funding at all. This is what Cindy just gave me, it is a different code that says you can do a levy but the City did not use this code when they established the ballot language. So, just wanted to clear that up." Commissioner Erickson, "Elsa is there a date on that code you were given? Is there a revision to that Code?" Elsa Duford, "This one I held up?" Commissioner Erickson, "Yes." Elsa Duford, "The last revision was 2007." **VOTE: Unanimous Motion carried**

**CITY MANAGER COMMENTS**-City Manager Mark Shrives commented that vandals have found the City Dock railing. The railing was damaged during the week-end. McCrumb Construction was going to try and recover the railing and re-weld and attach the railing at no cost to the City. They will also reinforce the other railing. Read Letter from County Commissioners. After I received the letter this morning, I called the Commissioners to ask if one of them would be able to attend tonight's meeting to help us understand how this became such an important issue so quickly. They all had previous commitments, so were unable to attend tonight.

Considering the rewrite of the Development Code has been ongoing for several years, I'm disappointed the City was notified about this via a letter rather than having an opportunity to meet and to discuss concerns before a resolution of intent was proposed. I have already heard from members of both the rewrite committee and the Planning Board of their surprise regarding this letter and the actions the Commissioners are considering.

At this time, I'm not sure how this proposed dissolution of the City/County Planning Board will impact the work of the Development Code Rewrite Committee or the work the Planning Board has invested to date in reviewing the completed work. I have asked our consultant Dave DeGrandpre of Land Solutions to take a look at the impacts and provide me a new road map with potential costs to in essence write out the County of the City's Development Code.

I will be replying to the County Commissioners with my concerns and request a meeting to discuss the impacts this action has on the process we have worked on as partners for the past several years.

**SPECIAL PRESENTATION-PROCLAMATION OF RECOGNITION TO ROGER WALLACE**-Mayor Knutson presented the following Proclamation;

**PROCLAMATION OF RECOGNITION FOR  
ROGER WALLACE**

**FOR HIS CONTRIBUTIONS TO THE CITY OF POLSON AND  
POLSON BAY GOLF COURSE**

**WHEREAS**, Roger Wallace has served for 27 years as the Professional Golf Association (PGA) Director of Golf at Polson Bay Golf Course in Polson, MT, and

**WHEREAS**, Roger was selected to receive the PGA National Bill Strausbaugh Award, which recognizes PGA Professionals who by their day-to-day efforts have distinguished themselves by mentoring their fellow PGA Professionals and through service to their community.

**WHEREAS**, Roger has a long history of outstanding contributions in all levels of PGA governance, charitable activities, integrity and for being a mentor and resource for PGA Professionals around the country, which personifies everything the Bill Strausbaugh Award stands for. He is a mentor, a leader and someone of the highest character and integrity. Roger's passion for the Profession and PGA Professionals is unsurpassed and

**WHEREAS**, through his mentorship, 8 out of 10 of Roger's assistants have gone on to gain PGA Membership and attain Head Professional, Director of Golf or General Manager positions and

**WHEREAS**, Roger ensures that virtually every club tournament at Polson Bay Golf Course has a charitable component, each year raising \$30,000 - \$40,000 for local charities through the generosity of Polson Bay's tournament players, and

**NOW THEREFORE BE IT PROCLAIMED**, that the City of Polson and the City Commission recognize the achievement of Roger Wallace for his dedicated service to the City of Polson and the Polson Bay Golf Course.

This the 15<sup>th</sup> day of September, 2014

Roger is only the 2<sup>nd</sup> member of the Pacific Northwest PGA to win this National Award. Roger Wallace thanked the Commission for 27.5 years of entrusting the day-to-day decisions to him.

**APPROVAL OF SPECIAL USE PERMIT (SUP) FOR SHOW ME POLSON-RED LION HOTEL-** Contracted Planner Erica Wirtala presented this agenda item. The property is located on parcel 8, Lot Certificate of Survey 6884, Section 11 of Lake County. In the future it will be referred to as Lot 12C of Ridgewater Phase V. The property is located in the Highway Commercial Zoning District (HCZD) and was presented to the City County Planning Board on September 9, 2014. The SUP will be for a Red Lion Hotel 80 room hotel, small convention center, and a 95 seat restaurant. In March 2014 the City of Polson Board of Adjustment granted a height variance to 50 feet. This will be a regular hotel with a restaurant. The City County Planning Board voted unanimously to recommend this application. The City Commission may make changes or accept as presented. The hotel conducted a traffic study and is in compliance with the study. There are 16 Conditions of Approval. Staff has recommended an additional **Condition #17 which reads: The applicant shall apply to the Montana Department of Transportation (MDoT) for an approach permit for use of Violet Lane. Should MDoT have any Conditions of Approval based on the approach permit, the applicant shall comply before the "Certificate of Occupancy" by the City of Polson be granted.** Typically this permit is free to the applicant. Commissioner Erickson asked if MDoT requirements will be difficult. Erica answered that this is just an additional step that needs to be taken care of. Violet Lane has been constructed to City Standards as well as MDoT Standards. Johna Morrison from Carstens & Associates commented that she is present to represent one of the applicants. Johna reiterated that the MDoT Approach Permit should not be an issue. The hotel will create about 50 new jobs. Johna also commended City Manager Mark Shrives for the change in procedure with site review. Everyone concerned is in one meeting, and all concerns are discussed and any issue solved.

**Commissioner Turner motion to approve the Findings of Fact with attached conditions for the Special Use Permit for Show Me Polson-Red Lion Hotel with Condition #17 Approach Permit added on. Commissioner Erickson second.** Commission Discussion: none Public Comment: none  
VOTE: Unanimous Motion carried

**APPROVE RESOLUTION EXTENDING THE CORPORATE LIMITS OF THE CITY OF POSON, MONTANA TO ANNEX WITHIN THE BOUNDARIES OF THE CITY, WITH CONDITIONS, CERTAIN TRACTS AND PARCELS OF LAND DESCRIBED HEREINAFTER-**

City Manager Mark Shrives presented this agenda item. This item was tabled at the previous meeting so that verification of the legal descriptions could be done. Ken Jenkins, Surveyor on the project, Elaine Hawk, Planner for the project, along with City Finance Officer Cindy Dooley, and City Attorney Rich Gebhardt has verified the legal descriptions. This was the only issue outstanding. **Commissioner Turner motion to approve a Resolution extending the corporate limits of the City of Polson, Montana, to annex within the boundaries of the City, with conditions, certain tracts and parcels of land described hereinafter. Commissioner Siler second.** Commission Discussion: Commissioner Campbell commented that he had been with this project since day one. It will be a benefit to a number of people and corporations but at this time he did not see this as a benefit to the City of Polson. Public comment: **Lee Manicke**, "I raised the question a couple of meetings ago about the legal description. I wasn't included in the group that reviewed this but looking again at that legal description, better but it's not good. On line three of the legal description it says, Section 11, Township 22, Range 20W, 6470, Parcel 0001, Parcel 1, COS 6470, 30.16 AC. I looked at that survey today. I could not find Parcel 0001. It's not on that survey. If that's repetitive, it wanted to describe Parcel 1, it can probably scratch if that was a mistake. Parcel 1 does contain the 30.16 acres so that's all that's really needed there. On the fifth line down, S14, T22 N, R20 W, 6197, Parcel N/A, I don't know what that means. Perhaps the Surveyor can tell me what that means. There's about one hundred acronyms or initials for N/A but mostly it means Not Applicable. The rest of that would be accurate to describe that property with 28.31 acres. So, I think that 6197 Parcel N/A could be eliminated unless there is some actual explanation for it. On the last line, again I mention the punctuation in legal descriptions is important. You cannot read that and tell if tracts A & B go to 6975 or they go to COS 2301. There should be some added punctuation. Actually they go to 6975 and there probably should be a semi colon after that Tract A & B. The number of acres is correct. There's actually three or four surveys in that describes that as 16. 16 acres. It's really not as good as it should be but it is better than it was. I think an attorney or a surveyor could dig that out. I don't think a lot of the average people could go out and figure out what's going on just by reading this."

City Manager Shrives commented that there were four people who reviewed it. What they are representing are the appropriate surveys.

Ken Jenkins, Surveyor with Montana Northwest Company, "I would like to thank the gentleman that pointed these things out. For what it's worth, I don't know what Parcel 0001 is there for either. Nor do I know what Parcel N/A means. Those in this cut and paste world the same problems we had the last time around, is from cutting and pasting out of the Montana Cadastral descriptions. The only thing I would like to point out, and the gentleman is absolutely correct, you could get rid of Parcel 0001 or Parcel N/A. There could be some punctuation on that last one that could make it more clear. That one kind of had me going for a while too until I figured out which COS the parcel A & B went with. That being said, I would point out the following paragraph as shown on Exhibit "A" attached hereinto and made a part hereof, it is intended that this annexation include gaps and overlaps within the perimeter bounds of the foregoing legal descriptions. So, I guess understand that these legal descriptions are not of the same variety as I might put on one of my subdivision plats. Where it has to be exact and precise. We're trying to describe verbally, with information that we can get off of the Cadastral what property it is that we're trying to annex here. This isn't intended to be, to pass the Litmus Test I guess, for a legal description that me as a surveyor would write on a specific piece of property. When you pull these properties up, like the last one for example, that's how it reads on the Cadastral. And it's messy. The Parcel 0001, Parcel 1 it has I guess something to do with how the Department of Revenue tracks property. I don't know where that

comes from. My point is, we've all checked through this multiple times. It does accurately describe the property that is being annexed. That's what we are after. There is an exhibit attached that shows what that intent is. So, I think there's some issues with the legal description still that even I don't understand, but it adequately describes the property that is being annexed." Mayor Knutson asked if it would be a recommendation to leave the description as is because this matches something else so it would tie to that. Or is it your recommendation to remove Parcel 0001, Parcel N/A and add the semi colon after Tract A & B? Mr. Jenkins answered if you do all those things and it would still be the same property. It won't match Montana Cadastral. City Finance Officer Cindy Dooley, "For point of clarification. Those legals came from the Department of Revenue in Lake County. So that's why they may not match what is on the Cadastral if someone was looking out on the Cadastral. These match the Assessor I.D. that Lake County, and the legal description that they have for those Assessor I.D.'s." Mayor Knutson asked Finance Officer Dooley if it is her opinion that it would be more confusing to change the legal rather than leave with the errors. Finance Officer Dooley commented that she would leave the descriptions as is. **VOTE: Commissioner Campbell & Commissioner Erickson vote: opposed 5 ayes Motion carried**

**APPROVE SECOND READING OF ORDINANCE NO. 2014-003 TO AMEND THE CITY OF POLSON BUILDING CODES TO ALLOW PERMITTING AND INSPECTION OF COMMERCIAL BUILDINGS AND ESTABLISH FEES THEREFORE-City Manager Shrives**

presented this agenda item along with Building Official David Simons Jr. City Manager Shrives commented that there has been a minor correction in the Title of the Ordinance. The title should read: Approve second reading of Ordinance No. 2014-003 to amend the City of Polson Building Codes to allow permitting and inspection of **Residential** and Commercial buildings and establish fees therefore. The other item asked for at the previous meeting was for the Building Official to hold a meeting and he did that on September 10<sup>th</sup>. There were approximately 12 persons who attended. **Commissioner Southerland motion to approve the Emergency Ordinance and Ordinance to Amend the City of Polson Building Codes to Allow Permitting and Inspection of Commercial and Residential Buildings and Establish Fees Therefore. Commissioner Campbell second.** City Commission discussion: Commissioner Erickson asked about the meeting and how it went. Building Official David Simons answered it was mostly contractors that attended. The meeting will be held again in January 2015. There was one individual that expressed a bad experience in the past. David reiterated that his office door is always open. Commissioner Turner commented that in his opinion the biggest issue was the feeling that all the power is going to be with one individual. Building Official Simons answered that is was not a power issue but an opportunity to serve the community with a one-stop shop. Mr. Simons went on to state that it will be up to him to prove himself. Commissioner Turner stated that he had two requests; #1-on -line application and #2-to be able to pay by credit card. Commissioner Erickson asked if Building Official Simons had all of his certificates current. David Simon responded yes. Mayor Knutson asked if in the future Mr. Simons would move on, what would happen. City Manager Shrives answered that the City would have to either hire someone with these same credentials or go back to having the State of Montana do the inspections. Commissioner Erickson asked if any additional staff would be required. Building Official Simon replied that at the present time no additional staff will be required. In the future that would be fantastic. It would mean growth. Public comment: none

**VOTE: Unanimous Motion carried**

**DOWNTOWN WATER PROJECT-SUBSTITUTE BIDDER-AWARD.** Agenda item presented by City Manager Mark Shrives. " At the last meeting, the apparent low bidder at that time was JD Russell. The Commission approved the award pending the confirmation of financials and review of all of the bid documents. During that review we identified that there was a specification in the bid that required that the mobilization not exceed 4%. JD Russell's mobilization cost did exceed 4%. So as we reviewed through that that basically was non-conforming bid item. It was very clear in the specifications. Went through this with our engineer and city attorney to look at what options there were. In essence, if you put a bid out with very specific specifications, you need to adhere to those bid requirements. In this case

there was a bid mistake was made. That mistake affected the overall bid. We could have gone back and just lowered the number which actually would have made the bid lower. In reviewing that, that did not seem to be a fair process considering all of the other bidders met those specifications and there would have been the potential that any of the other bidders could have raised the issue of why we changed the bid requirements after the fact. So, after all that was reviewed, not that it is my preference to go to the second bidder, which is going to cost the City around another \$40,000.00 on the base bid and additional expense. If you bid a project, that's the right way to do it. You follow the bid specs. Based upon that review and going through with the engineer and city attorney, we have determined that we should award the bid to the apparent second low bidder which is Jensen Construction, Inc. In that motion that I am recommending, it is the same thing that we need to review financials and we will take a farther look at the bid tabs. At this point that would be my recommendation to so award to the second apparent low bidder." Commissioner Turner, "It looks like the difference is more than \$40,000.00 overall." City Manager Shrives, "The base bid was about \$40,000.00 and then if you add in the alternate it was about another \$20,000.00. We're looking at about \$60,000.00 if we add the alternate. That's still a question. We're waiting on an easement package." Commissioner Turner, "The error would be in our favor of \$1,500.00 and some change I believe." City Manager Shrives, "Correct." Mayor Knutson asked if we had dealt with this in the past. Commissioner Campbell answered that we have not. Commissioner Turner, "why would the Council think that is the direction we should go? I'm having a hard time here. The simple fact that of anybody I understand bids quite well. When it's going to cost us another 60 to 70,000.00 I'm just having a little time swallowing that." City Manager Shrives, "Well, I guess you've got two choices. You can make the specs very clear and so we're going to either change the specs in the middle, yeah I agree, it's less but at the same time I don't think that it helps the City's credibility on bids if you change them after the fact. There was a pre-construction meeting held and information was put out. It may have been an error by the contractor but I'm guessing if there was a \$100,000.00 error, we got a better deal that probably wouldn't be something that would be changed. I guess if you are going to be fair across the board, you gotta look at it both ways. I'm not excited about spending additional \$70,000.00 for the project but on the other hand I think it is important that we maintain a bid climate that says when you receive a bid, you follow all of our specs. That's our city attorney's position also." Commissioner Southerland, "Is this position that this would potentially violate Montana law?" City Manager Shrives, "It potentially violates the bid laws as far as we put that in our specification and now we're changing it after the fact." Commissioner Turner, "who found the error?" City Manager Shrives, "I think when our engineer Paul Montgomery was going through, he found the difference." Commissioner Turner, "What was our start date on this project?" City Manager Shrives, "The starting actually was around the end of this month. Even if we get started, there was always the plan we were going to have a winter shut down because of paving. So if we start a little bit later, it's not really going to affect it because you know there's going to be a winter shut down." Mayor Knutson, "I think I might see where you are going with this. Are you thinking of tabling this?" Commissioner Turner, "Yes. It's a large amount of money." City Manager Shrives, "Then I guess the other option is throw them all out and re-bid the project." Commissioner Turner, "That was actually going to be my next question if we could do that." City Manager Shrives, "you could do that." Commissioner Campbell, "Everybody knows everybody's numbers now." **Commissioner Turner, "I will make a motion to table this." Commissioner Morrison, "I'll second it."** Mayor Knutson, "Okay. I have a motion to table Agenda Item Number 11, the Downtown Looping Project bid award and a second. Do I have any Commission Discussion?" City Manager Shrives, "I've got a questions. Tabling it doesn't get us anywhere. We need, this means we aren't going to do anything? Or do you want to consider not accepting any of the bids and re-bid the project? Tabling it leaves us nowhere." Mayor Knutson, "I think we should look at some options and go through them with the city attorney first before we make that next.... I think we obviously need to move forward on it but I guess my recommendation would be to table it for now. Talk to the city attorney about the options of either putting it out for re-bid, making adjustments, or whatever it may be." City Manager Shrives, "I just need to know what you want to do." Mayor Knutson, "Yeah. So I think table and explore the options." Commissioner Turner, "Correct." Commissioner Erickson, "What's our timeline to make

this decision to get moving on it?" City Manager Shrives, "Well if we don't get moving on it this year, we'll do it in spring, but I don't know how that changes. That's where we kind of get into, at some point, contractors that bid this project based on going to do work in the fall. I'm not sure you can drag it on and expect you are going to get the same work and the same costs in spring because things have changed. That's why, in a way, if you don't want to move forward, it almost seems like we ought to just make that decision now. I'm not sure what options there are to explore. I think we're going to push this into spring and then that changes the game." Commissioner Turner, "I don't think so because basically if you are planning on a winter shut down anyways, I mean if I shut a job down in the winter that is costing me money. So when I approach a job I'd rather start in and finish. So I don't really agree with that." Mayor Knutson, "Okay. Any additional Commission discussion? We do have a motion to table and explore the options. We have a second by Dan. Do I have any public comment on Agenda Item Number 11?" Jarred Russell, "JD Russell Excavating. On this we've talked to the city attorney a little bit. And he thinks that State law on doesn't pertain to public procurement laws. Where there is State money, the Montana Contractor's Association believes where there is State funds going into this, that you have to follow the State law. In it it has a bid mistake relief on public projects. Corrections or withdrawals of advertently erroneous bids, before or after award, based on bid mistakes may be permitted in accordance with rules adopted by the department. That would be MCA SS 1-8-303. Where his is a small mistake I know the second bidder in line also has a small clerical mistake in his bid also. So, therefore if they were going to just reject our bid I feel that they should have to reject the second bid also and go with the third bid and that's going to do nothing but cost the City way more money. And it's going to cost the tax payers more money." **VOTE: Unanimous Motion carried**

City Manager Shrives, "So I will bring some additional information from the city attorney at the next meeting." Commissioner Campbell, "Mark this delay won't have any effect on our grant? Are there any time limits on any of that? Do you or Tony know that? Cindy? Anything on the TSEP Grant that, if we put this off will that affect it?" City Finance Officer Cindy Dooley, "We're basically working through all of that still. We weren't even going to bring the bond resolution to the Council until November. So I think, you know, there is still time to work on this."

**APPROVE RESOLUTION TO ADOPT FISCAL YEAR 2014-15 BUDGET.**-Finance Officer Cindy Dooley presented this agenda item. There was a Public Hearing held prior to the Commission meeting. At that time the Commissioners were given updated sheets that have changes that would like to be a part of the final budget. Those changes are; page 5 proposing to add an additional wages for a cost share with the Golf Course. There is an employee that works 10 months of the year at the Golf Course and this employee will begin working the other 2 months with the Streets Department. That package is a total of \$5,774.00. page 7, There will be an additional 20 hour per week employee that will work in the Parks Department May 1 – August 31. The wages for this fiscal year are May and June. July and August will be a part of the Fiscal Year 2015-16 budget. This package is \$1,195.00. The Sewer budget, on page 32. There had been \$150,000.00 budgeted under Object number 900, Collection & Transmission account. This will be reduced by \$50,000.00. These are Staff proposed changes. Regarding the Resolution, this budget will be passed at the fund level. This budget approval is for the Expenditure portion of the budget only. The Revenue portion of the budget is always considered estimation. Mayor Knutson asked Finance Officer Dooley about the Medical Mill Levy. The current Medical Mills number is 7.5 mills permissive mill. The City of Polson is working with a deficit budget. This is being brought up as a discussion point to explore the possibility of increasing the mills. Commissioner Morrison commented is was a great idea. Commissioner Turner commented that something needed to be done. By raising a small amount, it will help the overall budget in the end. Commissioner Campbell asked that the extra monies generated would those monies be kept to pay medical expenses next year or just place in General Fund and be spent as needed? City Manager Shrives commented that the monies raised would stay with medical however, it would then free up the monies that are currently being spent on the medical expenses. The cash available this year started out \$100,000.00 less than the previous year. The cash available would then become a savings. The City has already started looking at areas to cut expenses and begin savings. Commissioner

Campbell, "Currently with 7.5 mills, \$7,462.50 plus the 5 or 8,000.00 I think, employees are contributing doesn't that actually cover the medical costs for the General Fund?" City Manager Shrives, "No, the medical costs is about \$249,000.00." Commissioner Campbell, "General Fund." City Manager Shrives, "Well, we're really talking about governmental funds." Finance Officer Dooley, "Governmental." Commissioner Campbell, "Well you have Water/Sewer." Finance Officer Dooley, "No." City Manager Shrives, "Those are Enterprise." Commissioner Campbell, "They're not included in that \$247,000.00?" Finance Officer Dooley, "No. They can't be. Permissive Levy can only support Governmental Funds. It does not support your fee based funds." Commissioner Campbell, "Now once a month we write a check for 27 or 28,000.00 to an insurance company. That doesn't insure the City Water/Sewer or Golf employees?" Finance Officer Dooley, "Yes. That check that we write every month that covers everybody." Commissioner Campbell, "Doesn't that amount to your two hundred seventy some thousand a year?" Finance Officer Dooley, "No." City Manager Shrives, "No." Finance Officer Dooley, "Well, it's more than that." City Manager Shrives, "You biggest shares into the General Fund because that's where you've got your Police and a good share of your employees. If you look at Water/Sewer those numbers are small compared to what the other funds are paying." Commissioner Campbell, "So on the Police side are they able to use any of that Safety Levy for this?" City Manager Shrives, "No." Commissioner Campbell, "No? So just tax money general tax money." City Manager Shrives, "Correct." Commissioner Campbell, "So do we have an actual \$247,000.00 that's including everything in the General not including any of the Enterprise." City Manager Shrives, "Correct." Commissioner Campbell, "Okay. I was mistaken on that. Well that changes my mind a lot. Puts us in a position. Because I thought, my thought was that that was (inaudible) the General Fund area and we had contributions equal to the \$247." City Manager Shrives, "\$249 is the...." Commissioner Campbell, "Well, what's our total bill for the insurance?" Finance Officer Dooley, "Well it runs on an average we're at \$25 to 26,000.00 per month. So a little over \$300,000.00 a year." Commissioner Campbell, "That covers everybody." Finance Officer Dooley, "That's just the health. Then we've got the dental and life. I don't have figures right on the top of my head for those. Dental and Vision I mean. So, yeah it's pushing probably \$320,..." Commissioner Campbell, "\$320,000.00 and \$70,000.00 is General Fund?" Commissioner Campbell, "Okay. That answers my question." Mayor Knutson, "Okay. So I don't know if you guys have additional comments or questions on this. Cindy provided me with this information. Again, what Stephen was saying, it's not a huge amount that we're looking at. I think we could go up to 17.5." Finance Officer Dooley, "It's 19.99 Mills is the maximum for this year. It's a formula." Mayor Knutson, "Okay. As I look at this, I certainly don't want to continue to put pressure on our citizens but I feel like we also need to be responsible as we move forward and make sure that again like Stephen commented, made a good point on things as well. We're watching things. As I look at it, I would suggest maybe going to 9.5 at this point which is under \$5.00 for the citizen. It brings in an additional \$93,000.00." Finance Officer Dooley, "Now how much did you say?" Commissioner Turner, "No it would increase it by 19." Finance Officer Dooley, "Every mill" Mayor Knutson, "I'm sorry, yes by 19 for a total of \$93,000.00. Yes, thank you." Finance Officer Dooley, "There we go. Yes." Mayor Knutson, "The difference is \$4.94 right there. It would go from what it currently is \$18.53 for \$100,000.00 home to \$23.47. Times however many." Commissioner Campbell, "I see where you're going with that." City Manager Shrives, "So if that's the case is that something that we need to amend the budget to put that number or do we need to make that change as part of this Resolution?" Finance Officer Dooley, "We would have to make a change in the Resolution. Then I would reflect that in the budget, but again it is on the Revenue side of it so that's really not part of what you are approving." Commissioner Campbell, "It would have to be changed in the Resolution. Could we do that in a motion?" Finance Officer Dooley, "Yes, I would change the Resolution in the Motion." City Manager Shrives, "So just to make sure we know where we're at, so where is that?" Mayor Knutson, "Right there. Number 5." City Manager Shrives, "So then number 5 would be going from 7.5 to what was your number?" Mayor Knutson, "9.5 Are there any other questions that anyone else has or any other discussion? We don't have a motion on the floor at this point. I wanted to bring that up before we started talking about that. Any other comments? No? Do you have any other statements?" Finance Officer Dooley, "You know I think

unless you have any other questions on the Resolution or any other budget items I don't think so." Mayor Knutson, "Okay. Do you have anything else to add? Okay, then what we need is a motion to approve the Fiscal Year 2014-2015 Budget and if we would like to adjust the mills the medical mill that could be included in the language of that portion." **Commissioner Turner, "I make a motion to approve the Fiscal Year 2014-2015 Financial Budget increasing the mills from 7.5 to 9.5 of the Medical Mills."** City Manager Shrives, "And that new value would be...." Commissioner Turner, "\$93,052.50." **Commissioner Siler second.** Mayor Knutson, "Okay. A motion and a second. Do I have any additional Commission discussion?" Note: there was no additional Commission Discussion: Public Comment: Elsa Duford, "Are you adopting this as a whole? Everything on this amendment. Or are you just talking about the health insurance part of it?" Mayor Knutson, "We are on the Resolution. There is a motion on the floor to approve the Fiscal Year 2014-2015 Final Budget with the medical mill levy increasing to 9.5 mills." Elsa Duford, "Is it only the medical mill levy you are dealing with?" Mayor Knutson, "No, we are dealing with the entire Resolution, the entire budget right now." Elsa Duford, "Do I need to speak again?" Mayor Knutson, "Yes you do Elsa." **Elsa Duford,** "I've said this twice already tonight. I don't think that Resolution should include the Local Government Study Commission with a mill levy. I've explained it twice. I've provided the information and Cindy gave me another copy that is a different law. I think it is that the public was not notified at the ballot that this was a levy that that should be taken off. Any reference to the levy should be taken off and the tax payer should not be charged to fund that study under those circumstances. I really object to this and I hope you take that into consideration. As far as the health insurance is concerned, health insurance affects everybody. Everybody's struggling with health insurance so it's not an isolated thing with City employees. I understand their predicament but other people are not coming up to pay the citizens health insurance premiums. They all just keep going up. But I really am objecting to you including this Local Government Study levy in this Resolution. It needs to be taken off and funded from whatever funds you have in the General Fund because of not informing the voters of what you were doing. So, do I need to explain it any differently?" Mayor Knutson, "Does anyone have any questions? No, we're set." Elsa Duford, "So I ask that you take it off." Mayor Knutson then asked if there was any additional public comment. **Berl Teskus,** "Well I don't know if it's public comment but I live in town also. So, I'm not speaking for my job. Is it true that this insurance covers the person and their spouse because that's what I've heard that it does." Mayor Knutson, "Yes I believe it does." **Berl Teskus,** "And that there's no extra charge or anything." City Manager Shrives, "I can explain it quickly. We have two plans, a high deductible plan which is a lower premium and there is a higher deductible for the employee and their spouse. That higher deductible plan does cover employee, their spouse, and children. The 80/20 plan only covers the employee. The employee wants to cover their spouse or children, that is an additional expense from their pocket." **Berk Teskus,** "Okay that's what I wanted to know because there are rumors going around and it's not pretty." City Manager Shrives, "Our medical did slow down a little bit this year. We did implement \$50.00 going back into a health savings account. That was to try to offset the high deductible that went up from \$3,000.00 to \$5,000.00. That was the 80/20. High deductible went up to \$10,000.00. That was a huge increase that went up for the high deductible that was to be paid by the employee before the health insurance kicks in." **VOTE: Unanimous Motion carried**

**APPROVE THE FOLLOWING GOLF BOARD APPOINTMENT: MR. PETER WALTHER TO THE GOLF BOARD, WARD 3, SEPTEMBER 15, 2014 – DECEMBER 31, 2015 TO SERVE A VACANCY DUE TO RESIGNATION. Commissioner Morrison motion to approve the appointment.** City Manager Shrives, "I've got the Golf Board President to make that recommendation first." David Cottingham, "I can't add much more than was in his letter of interest. Two of our Board members did recruit him. We put out the word for our Golf Board members to go out and see who was interested. He showed interest and brought the letter to us in August. We didn't make a recommendation because you hadn't advertised the position. But, he's the only applicant so I recommend that you appoint him. He did show enough interest that he did bring his letter in person and sit in on a meeting. I don't know him personally but two of our members do know him. He's a golfer and pass holder. So he has

some interest. So that's all I can offer you". **Commissioner Morrison, "I make a motion to approve Mr. Peter Walther to the Golf Board, Ward 3. Commissioner Campbell second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

**SUMMARY REPORT ON THE 4<sup>TH</sup> FLATHEAD LAKE BLUES FESTIVAL AND PRESENTATION OF FESTIVALS ON THE FLATHEAD'S DONATION TO THE SALISH POINT RENOVATION FUND.** Agenda Item presented by David Venters. Mr. Venters read the following report:

**2014 Flathead Lake Blues Festival  
August 15 & 16, 2014  
Summary**

- **More than 800 in attendance** for the 2 days.
  - Friday's rainout compensated for by accepting Friday wristbands and tickets on Saturday.
- **About 50 Volunteers** helped at the event. We could use about 3 times that many! Several volunteers worked through the entire event.
- **\$10,064** generated in ticket revenue. Up 24% over last year, in spite of Friday weather.
- **50 businesses pledged \$17,500** in support and in-kind contributions.
  - We had our first ever Major Event Sponsor (Kalispell Toyota), which allowed us to purchase some one-time supplies such as fencing, signs, and canopies.
- **9 food, beverage, and merchandise vendors** participated in the event. Two were from out of the area.
- **3 local lodging partners** donated lodging for the bands. (up from 2 last year). We received reports they did get bookings because of the festival and referrals from our Website.
- **More than \$11,700** of our expenses were paid out to local businesses and individuals.
- **About 20 campers** used the Lenz property for camping, including a few triathletes.
- **\$503.23 (5% of ticket sales donated to Salish Point Renovation Fund)**
- **\$1109.11** deposited to **Student Band Instrument Fund**
  - **\$503.23** 5% of ticket sales, **\$465** raised in a guitar raffle, **\$90.88** from camping profits, and **\$50** straight donation from group to avoid account inactivity fees.
- **0 problems or injuries** reported at the festival.

The 5th Annual Flathead Lake Blues Festival is August 14 & 15, 2015. Mark your calendars!

**PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA-**Mayor Knutson commented that there would be a ribbon cutting ceremony for the Lake City Bakery mural. It will be on Friday at Noon.

**Mayor Knutson asked for a motion to adjourn. Commissioner Campbell motioned to adjourn. Commissioner Erickson second. Vote: Unanimous Motion carried**

**ADJOURN 8:35 p.m.**  
**Mayor Knutson**

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Mayor Knutson

ATTEST:

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Cora E. Pritt, City Clerk