

**POLSON CITY COUNCIL MEETING
CITY HALL COUNCIL CHAMBERS
MONDAY, SEPTEMBER 18, 2006, 7:00 P.M.**

ATTENDANCE: Bruce Agrella, Mark MacDonald, Jules Clavadetscher, Mike Lies, Tom Corse, and Fred Funke. **ABSENT:** Mayor Randy Ingram and City Attorney James Raymond. **Councilman MacDonald Presiding. OTHERS PRESENT:** Lee Manicke, Nir Teitler, Tony Porrazzo, Bonnie Manicke, Ethan Smith, Wanda Robinson, Doug Chase, Linda Sappington, Brad and Debbie Marengo, Ash Walker, Bob Lajoie, Elsa Duford, Rory Horning, Sue Taylor, Cindy Willis and Margie Hendricks.

CONSENT AGENDA

A. CITY COUNCIL MEETING MINUTES SEPTEMBER 6, 2006

B. TRAINING-UNACCEPTABLE EMPLOYEE BEHAVIOR KALISPELL NOV. 13 ALAN BOOTH-POLICE DEPT. \$149.00.

C. TRAINING-UNDERSTANDING EASEMENTS MISSOULA NOV. 15-JOYCE WEAVER-PLANNING DEPT. \$299.00.

D. PROMOTE ASLEY WALKER TO ASSISTANT WATER & SEWER SUPERINTENDENT WITH A ONE-YEAR PROBATION PERIOD.

E. UPDATE WATER METER READER JOB DESCRIPTION

F. RESIGNATION -STEVE KENDLEY POLICE OFFICER

Motion made by Councilman Clavadetscher, seconded by Councilman Funke, to approve Consent Agenda A - F with clarification to Resolution #937 - with a *minimum of seventy five cent per hour wage increase for permanent status employees except the police department which will be adjusted as proposed in the voted levy. The City's mill levy is set at 115.76.*

Rory Horning stated that page 5 of September 6th minutes regarding rights of renters. He felt it was said that renters have the same rights as property owners and would like the minutes to reflect. It was clarified by Councilman Lies that a renter who lives within the city limits has the same rights as property owners, however if you rent and live outside of the city limits the rights are different, such as you can not run for office in the city. You cannot vote in the city, so your rights are not the same. Rory asked do the renters who live in the city limits of Polson, which make up about 50% of voter population, have the same rights as property owners. It was agreed that yes renters do have the same rights as property owners provided they live in the city limits.

Elsa Duford page 3 top of second paragraph where it is said -since not everyone in the private sector gets these types of benefits the city should not provide them with health insurance because of the high cost. She requested the minutes to say -its not a good idea to ask property tax payers for a mill levy to pay for an employee's increased insurance premiums. Councilman MacDonald stated Elsa's request stands corrected.

Councilman Lies asked Ashley Walker if he had his Water Certification. Ashley's response was yes and that he has all of the Certifications. **Motion carried unanimously.**

REQUEST COUNCIL'S GUIDANCE TO PROCEED WITH ANNEXATION PROPOSAL 38182

SKYLINE DRIVE -BRAD AND DEBBIE MARENGO: Debbie expressed concern with drilling an 820-foot well that came up dry. She would like to know when the possible annexation of their property could be. Councilman Clavadetscher explained that until another source of water is found it was premature for anyone to know when. Councilman Corse stated considering their property is next to the Jensen/Wilkins Subdivision, as soon as that subdivision gets the go ahead there would be a new source of water and at that time Marengo's should revisit the annexation of their property. Councilman Corse also

said that in the City's Master Plan and the Polson Growth Policy their property is included as eventually being part of the City of Polson. Debbie Marengo said she would keep in touch with Jensen and thanked the council for their time.

AUGUST 2006 CASH REPORT: City Treasurer Bonnie Manicke presented the August 2006 cash report and noted two negative fund balances Local Government Study Commission \$767.15 and Gasoline Tax Appropriation \$9,185.92. The Golf Revenue Bond, Series 1998 semi-annual payment is due October 1st retiring annual bond principal of \$70,000 and semi-annual interest of \$29,260. Bonds outstanding after the October payment is \$1,055,000. A transfer of \$36,750 from the Golf Operating fund to the Golf Revenue Bond Sinking & Interest fund will appear on the September cash report. The golf operating winter cash balance for general operating expenses is approximately \$250,000. Bonnie also briefed the Council regarding bank services. September 2005 a formal request was sent to local financial institution for consideration to provide general banking services for the City's demand deposit account. The account is used mainly to deposit daily receipts and clear issued checks. Glacier Bank has a goal to provide general banking services to city and county governments. The city reached a new plateau with a free business checking account at Glacier Bank. A repurchase agreement (repo) account with Glacier Bank is utilized as an overnight interest bearing account. The demand deposit account shall zero every night to the interest bearing repo account. The repo account interest rate September 2005 was 2.99%; while the September 2006 interest rate is 4.67%. Certificates of deposit and United States Government securities are purchased for long term investments. The certificates of deposit are purchased at financial institutions within the city limits. Certificates of deposit are purchased through a formal bid request. Governments are purchased through a broker/dealer. Safety of principal is foremost. Each investment transaction shall first ensure that capital losses are avoided whether they be from security defaults or erosion of market value. Foremost all maturities shall be scheduled to coincide with projected cash flows and all investments shall have a definite maturity. Certificates of deposit shall be collateralized according to Montana Code Annotated Section 7-6-207. The total investment portfolio is \$3,425,000 with the following allocation 1st Citizens 43.79%; Glacier 29.93%; 1st Interstate 17.52%; Governments 8.76%. Debt service options and current loan interest rates were reviewed. Montana State Board of Investments offers intercap financing to local government agencies. A variable rate is offered with a new rate quote annually in February. The current intercap interest rate is 4.75%; historical rates are 5-year average 3.45%; and 10-year average 4.15%. Current local bank loan interest rates on a loan less than \$25,000 indicates a range of 4.25% to 5.50% for an 18 month short term loan ; a loan of \$500,000 indicates a range of 4.88% to 7.25% for 7 years. Lease purchase agreements are considered for private industry financing, and are NOT a good value for government entities. In the past, police vehicles were purchased with lease purchase agreements at an excessive rate of interest. A lease purchase interest rate DOES NOT provide the lender of tax free status. The City's ability to finance with local banks enables financial institution to complete their mission statement and receive recognition for reinvestment in the community. Councilman Clavadetscher asked if the financing issue is in light of the police department purchasing new equipment. During FY'06-07 budget discussions Chief Chase indicated funds were budgeted in the voted public safety mill to pay cash for the equipment purchases. The information regarding debt service is included with the cash report for capital expenditure analysis for all departments. Planning is a key issue.

Motion made by Councilman Clavadetscher, seconded by Councilman Funke to approve August 2006 Cash Report as presented by City Treasurer Bonnie Manicke. Motion carried unanimously.

OVERVIEW REPORT ASSOCIATION OF PUBLIC TREASURERS' WORKSHOP: City Treasurer Bonnie Manicke reported on workshop sessions of value to the council. Transforming

government payments: paper to electronics – In the new millenium, electronic transactions replace issuing checks. Emphasis should be on ease of use without spending a lot of money, and implementation within prime banking relationships. Widely adopted for both the originator and receiver of a transaction, easy for both high-end and low-end technology users. Maintenance with ease is most important. **Issuing debt** – Consideration to issue debt or use cash. Network of providers to assist with bond issuance includes financial advisor, bond counsel, underwriter, and trustee (paying agent). Policy should coordinate with capital improvement plan and policies. The City of Polson Golf Revenue Bonds, Series 1998 with stated maturities in 2008 and thereafter are subject to redemption at the option of the City, in whole or in part, in inverse order of stated maturities and in \$5,000 principal amounts selected by the Registrar by lot or other manner deemed fair within a stated maturity, on October 1, 2007 and any date thereafter at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date. Golf Revenue Bonds outstanding after payment October 2007 will be \$ 980,000.00. The Golf Revenue Bonds interest rate is by the maturity date of the bonds. The bonds maturing 2008-2017 have an interest rate range of 5.00% to 5.40%. **Request for professional services: bank services** – An RFP is triggered by a bank merger, changes in banks’ financial condition or concerns with services quality/pricing. Objectives with competitive bidding include reduce operations expense, improve funds availability and increase efficiencies. Analyze services for safety, effective, efficient, price and yield. Governments use many facets of bank services and each facet should be analyzed to provide quality. **Technology trends in local government** – Common concerns include enhancing citizens satisfaction, managing time, reducing costs, complying with regulations, keep up with technology and retain, hire and train employees. Technical trends include a need for timely access to data, data accessed for decision making, and ease of access to desktop information. The seven facets of great governance are forward thinking, accountability, transparent, efficient, effective, responsive, and embody values. **The paperless environment** – Reduce reliance on paper and work from electronic images. Advantages include improved efficiency, worry free of documents being lost or damaged, and view document images without handling paper. Recently the City purchased *Paper Vision*, to research and view documents electronically. Access to documents is now done with ease and efficiency. Foremost, thanks for the opportunity to attend the conference in Memphis, Tennessee, “Jazz up your skills and avoid the interest rate blues”. The convention provided 47 different educational sessions and the network with treasurers was awesome. The knowledge gained is an additional resource for the City. The Association of Public Treasurers’ recognizes members who demonstrate a strong knowledge in public finance. A professional certification is designed for members who achieve a high level of professional experience and education. Certification must be renewed every five years. City Treasurer Bonnie Manicke successfully maintained certification as a Certified Public Finance Administrator in 2006. The Council acknowledged the award and honor.

PUBLIC FUNDS INVESTMENT BID: City Treasurer Bonnie Manicke, noted an investment bid was completed with the local financial institutions September 8, 2006. The \$600,000 investment has a 294 day maturity due June 29,, 2007. Bids were as follows: 1st Interstate 5.91%; Glacier 5.27%; 1st Citizens 5.15% and Community 4.85%. Comparisons 9 month Treasury Bill yield 5.01%, Agency of US government 5.28%, and jumbo C/D rate nationwide 5.10%. **Motion made by Councilman Clavadetscher, seconded by Councilman Agrella, to approve public funds investment at 1st Interstate Bank, \$600,000 294 day term with maturity June 29, 2007, at 5.91% presented by City Treasurer Bonnie Manicke. Motion carried unanimously.**

APPROVAL OF PLEDGED SECURITIES : City Treasurer Bonnie Manicke presented a detailed listing of the pledged securities for Council approval. The amount of collateral held for the City’s deposits August 31, 2006, exceed or are at par with the amount required. Glacier Bank Certificates of Deposit

\$1,025,000 with pledges \$2,268,357.53 plus \$100,000 FDIC insurance. 1st Citizens Bank Certificates of Deposit \$2,088,177.39; Savings \$466.68 total \$2,088,644.07 with pledges \$2,224,764.75 plus \$100,000 FDIC insurance. 1st Interstate Bank Certificate of Deposit \$600,000 with pledges \$500,000 plus \$100,000 FDIC insurance. **Motion made by Councilman Clavadetscher, seconded by Councilman Agrella to approve pledged securities as presented by City Treasurer Bonnie Manicke. Motion carried unanimously.**

UPDATE ON ETHICS COMMITTEE, PUBLIC POSITIONS AND STATUS OF COMMITTEE:

Rory Horning said that Government expert Ken Weaver stated, "It doesn't work well to borrow Ordinances from another town that doesn't have the same form of government". Rory feels the City of Polson's Ethics Ordinance #610 is an unenforceable Ordinance. Rory requested, because Mayor Ingram and City Attorney were not present, this agenda item be carried over to the next City Council Meeting. Council agreed to have Update on Ethics Committee added to the next Agenda.

OTHER PUBLIC COMMENTS: Margie Hendricks stated how nice it was to have the minutes on the city's website; however she would like to see a record of the City employees, Council members and Mayor be quoted exactly to what was said at council meetings as they represent the citizens interests. She feels that it is very important to have very accurate record(s) of what has been said. She commented about September 6th council meeting agenda item #9 awarding contract for Westana Subdivision infrastructure completion project. Margie feels that considering Westana has implied that they may sue the city over the Bauer Subdivision not having to do curbs and gutters and Westana had too, she feels that the exact reporting of the City Engineers comments should have been included in the minutes. Margie's final statement was there should be very accurate reporting.

Elsa Duford commented on page 2, top paragraph of the Sept. 6th minutes in regards to strong/weak - part time/full time mayor forms of Government. Councilman Clavadetscher had said he has documentation from Ken Weaver and because this is going to effect an election she feels there has been conflicting information from what is in Ken Weaver's book. In July she said the Mayor had given her two pages from the Montana Code part one of forty-one Strong Mayor Municipal Government. These things are mentioned and should be brought to the Councils attention. In the book Ken Weaver provided he does address full time part time Mayor and so these things have been discussed and asked council to check out what is in these books. Elsa stated that if the council has information that the Government Study Commission doesn't have they need to see this information. She made a formal request for that information.

Rory Horning asked council if they were not responding to the citizens at this portion of the agenda because they have changed policy? People came before this council a few meetings back and there was great dialog going at this point in the meetings. He asked if the council is changing again? He was told this time is for public comment not questions.

Meeting Adjourned 7:50 P.M.

Councilman Mark MacDonald, Presiding

ATTEST: _____
Beth A. Smith