

**CITY COMMISSION MEETING MINUTES
CITY HALL – CITY COMMISSION CHAMBERS
MONDAY, OCTOBER 5, 2009, 7:00 P.M.**

ATTENDANCE: City Commissioners Present: Bruce Agrella, Jules Clavadetscher, Mike Lies, Elsa Duford, Fred Funke. Commissioner Jim Sohm absent. Mayor Lou Marchello presiding. City Attorney James Raymond present. City Manager Todd Crossett present.

Mayor Marchello called the meeting to order and the Pledge of Allegiance was recited.

APPROVAL OF PROPOSED AGENDA: Mayor Marchello noted that Nick Kaufman will be making the presentation for agenda item number six, not Joyce Weaver. **Motion made by Commissioner Funke, seconded by Commissioner Clavadetscher, to approve the proposed agenda with correction to item six replacing Joyce Weaver with Nick Kaufman as the presenter. Motion carried unanimously.**

CONSENT AGENDA: A. CITY COMMISSION MEETING MINUTES SEPTEMBER 21, 2009, B. SEPTEMBER 15-30 CLAIMS: Motion made by Commissioner Funke, seconded by Commissioner Agrella to approve the consent agenda **A. City Commission Meeting Minutes of September 21, 2009 and B. September 15 to 30 Claims.** Commissioner Duford asked about a claim, if the Police Department received reimbursement for the cost of the alcohol blood test. The Assistant Police Chief replied that the results are evidence and used for trial and the cost is not reimbursed. She also asked if the claim for meters that was purchased by the water department is paid out of a grant. City Clerk Aggi Loeser replied that approximately \$30,000 each in water and sewer funds has been budgeted annually to purchase meters as part of their project to replace all broken water meters over a period of time. **Motion carried unanimously.**

NOTICE OF GOODS AND SERVICES SUBJECT TO THE RESORT TAX: City Manager Todd Crossett explained that the list of goods and services is required to be published two times before the election. The Council can make changes and approve the list tonight or schedule a special meeting on Tuesday, October 13 to review and approve the list. He has arranged to conduct a public information meeting on the proposed resort tax on Wednesday, October 14th at the High School auditorium and the list council approves will be part of his presentation. The law requires that the ordinance listing the goods and services be passed by the City Commission thirty days before the resort tax is implemented, which will occur if approved by the voters after the election. He explained that the list of goods and services is based on other cities' resort tax ordinances, and comments made by the City Commission, public comments and comments at business meetings and feedback from other cities that have years of experience and feedback on what works in their communities. He noted that the list is less like Whitefish's and more restrictive like Yellowstone's list of tourist and luxury items, staying away from necessary items people need to live. Commissioner Clavadetscher asked that the list be clarified to include meals provided by schools by stating school activities and fundraisers. Commissioner Duford noted that the list includes rail service, which the City of Polson does not have. City Manager Todd Crossett replied that it is no problem to have it included and would apply only if there is ever a rail service in Polson. Commissioner Duford requested that the

Commission meet again to discuss the list more in depth and have the public involved for more public input. **Motion made by Commissioner Clavadetscher, seconded by Commissioner Funke, to approve the Notice of Goods and Services Subject to the Resort Tax amended to include school activities and school fundraisers.** Commissioner Duford asked that they have more discussion. Mayor Marchello asked for public comment. Murat Kalinyaprak noted that the document refers to the City Council and should be changed to City Commissioners according to the new Charter form of government. He noted that pet food has been removed from the taxed items but not included in the exempt items. He asked if any animals are considered pets and if hunting and fishing items are exempt or not. He expressed his concern that the City is passing a law that they will not be able to implement because on June 4, 2008 there was a letter from the Department of Commerce denying the City of Polson a tourist designation. Although a copy of that letter is not available he feels the people should know that the City was denied and somehow it was later qualified and it may end up a mess if it passes the election. Commissioner Duford asked if the tribal members and businesses are exempt. City Manager Todd Crossett replied that during his conversation with Ranald MacDonald he clarified that some tribal members would benefit from property tax relief provided by the resort tax revenue. He stated that some tribal members are federally exempt but it's not black and white. Commissioner Duford stated that the ballot language does not include information regarding federally exempt status. City Manager Todd Crossett explained that the ballot language states, "pursuant to federal law", which covers the tribal members who are exempt. Commissioner Duford expressed her concern that more information is needed than what is on the ballot and more discussion should take place. She questioned why the six-page draft ordinance passed out at a previous meeting was not included with the list provided tonight. City Manager Todd Crossett replied that the handout at a previous meeting was Whitefish's ordinance and it was used as a starting point for discussion and was not a proposed ordinance. He explained that a seven member advisory committee will be formed consisting of City residents, City Commissioners and Tribal Members who will review and make decisions, providing constant clarification on whether certain items are exempt or not exempt from the resort tax. Commissioner Duford questioned why Tribal members would be included in the committee if they are exempt. City Manager Todd Crossett explained that if the Tribes participate in the collection of the resort tax it is important and helpful to have them participate and have a voice to continue with the partnership. Pat DeVries suggested that the City did not comply with the notice requirement as stated in MCA 7-6-1504 to publish the ordinance thirty days prior to the election and that there would not be enough time before the election for the commission to vote on the second reading of the ordinance. City Attorney James Raymond replied that the law states that the notice of goods and services subject to the resort tax is required to be published no more than 30 days and no less than 3 days prior to the election. Commissioner Duford questioned how the commission can decide on the list without having more time for discussion and public input. Mayor Marchello replied that the commission already voted to place the resort tax on the ballot. Murat Kalinyaprak said he hasn't heard of more communication with the Tribes and since they are the largest part of the tourist activity in Polson he expected there would be a meeting with them and without them the City would not qualify as a resort community. City Manager Todd Crossett clarified that what needs to be decided tonight in preparation for the election is to review and make changes to the list of goods and services subject to the resort tax. Mayor Marchello noted that a procedure to amend the list will be established. City Attorney James Raymond clarified that the notice of goods and services is required to be published prior to the election and if after the election and the vote is in favor then

an ordinance outlining the administration of the resort tax will be prepared and presented to the council for approval before the resort tax is implemented. **Commissioners Agrella, Clavadetscher, Lies, Funke and Mayor Marchello voted in favor. Commissioner Duford voted against. Motion carried.** City Attorney James Raymond clarified that the list of goods and services is not an ordinance.

OPTIONS REGARDING CITY ALL BEVERAGE LICENSE: City Manager Todd Crossett explained that he and James Raymond met with the Department of Revenue Liquor Division to update them on the City's efforts to sell its liquor license and to find out what options the City has. They found out that today's going rate for an all beverage liquor license is \$25,000, which is low statewide. The City has an option to include their license in a lottery that they conduct which could sell for a high of \$35,000. Considering the recent Supreme Court decision favoring Wal Mart's Super Center zoning could bring other businesses, which typically piggyback bringing more demand and could increase the value of the liquor license. It is possible to purchase a beer and wine license, which is less expensive and easier to run than a full beverage liquor license. The City could purchase a beer and wine license and put the all beverage liquor license on hold for one year with commitment to sell it. Another option is for the City to hold on to the all beverage license and operate it in the downstairs facility as a City concession operated by City employees and provide the restaurant with the alcohol beverages while the restaurant would provide the food services. The City's goal in having a restaurant is to provide the services golfers want, which is not always the same as what the restaurant owner wants to provide or what would bring the highest return. Papa Don's does not wish to purchase the all beverage license and the City could find them in default of their contract. The City could advertise a request for proposal or the City could operate the license. He would personally advise that the City attempt to make it work with the current vendor and, failing that, to run the food and beverage service directly as a City function. He felt it is in the City's interest to hold on to the All Beverage Liquor License because selling it at \$25,000 to \$30,000 at this time would be a significant loss. He clarified that Papa Don would prefer to have a beer and wine license only and were fine with having someone else operate the all beverage license. He did hear thru the grapevine that there is an interested party to operate the all beverage license. Commissioner Clavadetscher said he is reluctant to have the City operate the alcohol beverage license. Commissioner Agrella concurred. City Manager Crossett asked the council to give him guidance on how to pursue an agreement and to give some general direction. Mayor Marchello said the council could have some time to think about the City's options and they will get back to Todd Crossett. Commissioner Clavadetscher asked if Papa Don's have paid for the initial liquor inventory. Todd Crossett replied that there was no signature by either Papa Don's or the City on the liquor inventory list that was generated by the City which makes the document merely heresay. Therefore he doesn't see a way to collect the funds unless Papa Don's agrees. Commissioner Lies said he knows a way to collect and would discuss it with Todd Crossett.

FINAL PLAT APPROVAL OF LEE LODGE 14 LOT MAJOR SUBDIVISION OFF BAYVIEW DRIVE: Motion made by Commissioner Lies, seconded by Commissioner Agrella to approve the final plat of Lee Lodge 14 lot major subdivision off of Bayview Drive, with certain conditions. Commissioner Lies said he met with Nick Kaufman and Melissa Matassa-Stone of WGM Group to discuss his concerns and they agreed to place a turnaround at Adler Road and grant and record an easement to Blumendahl's on the final plat.

He noted that the swales and roads are constructed except for the pavement. Commissioner Duford asked if the lot designated as open space could be sold for a building lot. Commissioner Lies said the lot is tough to access. Nick Kaufman explained that if the lots start selling they might convert it to a residential lot. **Motion carried unanimously.**

RESOLUTION NO. 999 BOND ISSUE FOR HILLCREST/SKYLINE WATER STORAGE IMPROVEMENTS - RELATING TO THE ISSUANCE BY THE CITY OF POLSON OF ITS \$750,000 WATER SYSTEM REVENUE BONDS (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM) CONSISTING OF \$416,300 SUBORDINATE LIEN TAXABLE SERIES 2009A BOND AND \$333,700 SERIES 2009B BOND, AUTHORIZING THE ISSUANCE AND SALE AND FIXING THE TERMS AND CONDITIONS THEREOF: Motion made by Commissioner Funke, seconded by Commissioner Agrella, to approve Resolution No. 999 authorizing a \$750,000 bond issue, consisting of \$416,300 Series 2009A Bond and \$333,700 Series 2009B Bond, authorizing the issuance and sale and fixing the terms and conditions thereof, for Hillcrest/Skyline Water Storage Improvements as presented by City Treasurer Bonnie Manicke. City Treasurer Bonnie Manicke explained that the bond document is a lengthy fifty page document which is on the website for review. She noted that the bond resolution is necessary to utilize the stimulus funds and they will use the Water Department's replacement and depreciation fund for the cost of part of the project. **Motion carried unanimously.**

PUBLIC FUNDS INVESTMENT BID: City Treasurer Bonnie Manicke presented the public funds investments for approval. She purchased a \$1,000,000.00 Certificate of Deposit for a term of 9 months at 1st Citizens Bank at 2.07%, maturing on June 24, 2010. Other bids were, Community Bank at 1.52% APY, 1st Interstate Bank at 1.15% APY, Glacier Bank at .90% APY. Comparisons were Agency of U.S. Government 1.48%, U.S. Treasury Bill (6 month) 0.19%, U.S. Treasury 5-year 1.93%, Nationwide Jumbo C/D 0.75%, STIP MT Board of Investments 0.31%. She noted that the interest rate 2.07% is not great but it is a good rate compared to the other bids and the comparisons. **Motion made by Commissioner Lies, seconded by Commissioner Funke, to approve the public funds investment of \$1,000,000.00 at 1st Citizens Bank in a Certificate of Deposit for a term of 9 months maturing on June 24, 2010 at an interest rate of 2.07%, as presented by City Treasurer Bonnie Manicke. Motion carried unanimously.**

RESOLUTION NO. 1000 APPROVE FY09-10 BUDGET AND APPROVE MILL LEVIES VALUED AT \$8,466, GENERAL ALL PURPOSE FUND 1000 – 121.06 MILLS PERMISSIVE MEDICAL LEVY – 4.89 MILLS – PERMISSIVE MUNICIPAL LEVY – 19.95 MILLS: City Manager Todd Crossett thanked City Clerk Aggi Loeser for her efforts toward preparing the budget and the department heads for their cooperation in cutting costs to balance the budget. The General Fund expenditure budget reflects planning activities to update the Polson Development Code, utilizing this time when there is a substantial reduction of building projects due to the state of the economy and the time of year. The Building Department has a significant reduction in revenues and Building Inspector Ron Melvin has taken on a project management role and is involved in writing grants. The budget was prepared before the news about Wal Mart was released and is conservative. It includes a twenty-five cent an hour raise for all employees and no positions have been cut. It is a balanced budget and projects total general

fund revenues \$1,000 higher than the projected expenditures. The budget is balanced without dipping into the reserves. Commissioner Clavadetscher complimented the City Manager for preparing a balanced budget. He asked if the Street Department's \$15,000 cut in paving materials means they can't patch holes in the streets and asked if any new staff had been added. City Clerk Aggi Loeser replied that the paving material for the Street Department is budgeted in the Gas Tax Fund where they have significant reserve funds available. City Manager Todd Crossett replied that beside the twenty-five cent an hour cost of living raise for employees there is a new budget line in the General Fund, which has \$5,000 for pay increases that were requested but not paid until he has time to review all the wages. He plans to prepare a pay scale by next year and within two years be able to adjust the wages of those who are significantly underpaid. Commissioner Clavadetscher asked if the Tax Increment Financing District will generate revenue this year, which is shown as \$18,291 on the 2009 Certified Taxable Valuation form provided by the Department of Revenue. City Clerk Aggi Loeser said she understood from City Treasurer Bonnie Manicke that the County wanted the City to purchase a software program, which will cost about \$10,000 in order to calculate the TIF revenue for the City of Polson. Councilman Clavadetscher said he spoke with Missoula County and they are willing to provide their spreadsheet, in Excel format, that they use to calculate their TIF district revenue. Mayor Marchello said he understood it was the County's responsibility to purchase the software. City Manager Todd Crossett noted that item #8 in Resolution #1000 is new and allows the City Manager position to make adjustments between budget lines within the same fund. **Motion made by Commissioner Clavadetscher, seconded by Commissioner Funke, to approve Resolution #1000, the Fiscal Year 2009-2010 revenue and expenditure budget; mill levies of 121.06 mills valued at \$8,466 for the General All Purpose Fund 1000; a Permissive Medical Levy of 4.89 mills and a Municipal Services Levy of 19.95 mills.** Commissioner Duford stated that senior citizens are not getting an increase in Social Security and there are more people unemployed due to the economy and she is not in favor of increasing the permissive medical levy at this time. Commissioner Lies noted that the mill levy is only 2 mills higher than last year so it didn't raise very much this year. Rory Horning commended Elsa Duford for speaking up for the people of Polson and suggested that City Manager Todd Crossett talk to MMIA about keeping the cost of insurance down. He felt the City should not increase the medical levy, even if it can. He felt that this Council will be known as the spending group and the upcoming election results will show what people think. **Commissioners Agrella, Clavadetscher, Lies, Funke and Mayor Marchello voted in favor. Commissioner Duford opposed. Motion carried.**

REQUEST FOR ADDITIONAL \$285 APPROPRIATION FOR GOLF COURSE DECK: City Manager Todd Crossett explained that the Council previously approved a \$4,000 expenditure to get the golf course clubhouse deck resurfaced and the bid came to \$4,285. He recommended the additional expenditure be approved and showed a sample of the deck surface they would use. **Motion made by Commissioner Clavadetscher, seconded by Commissioner Lies, to approve an additional \$285 appropriation for the Golf Course Clubhouse deck. Motion carried unanimously.**

CITY MANAGER COMMENTS: City Manager Todd Crossett informed Council that he is making his presentation on the resort tax to any group that is willing to listen, explaining the pros and cons and how it works. Another information meeting has been scheduled for Wednesday,

October 14th at the Polson High School Auditorium from 6:30 to 8:30 p.m. where he will make his presentation and provide an opportunity for the public to ask questions and make comments. Mayor Marchello asked the City Commissioners to attend that meeting if they can. City Manager Todd Crossett noted that he will be making a presentation to the Chamber of Commerce on Wednesday at their noon meeting at the Kwa Taq Nuk. On Tuesday he and Tony Porrazzo will go to Big Sky to look at their sewer facility. Wednesday afternoon thru Friday he and other staff will be attending the League of Cities and Towns Conference in Great Falls. He clarified that the budget includes the City's share of \$8,000 for MDOT's Highway Scope Study, a shared cost between the County, Tribes and MDOT. MDOT recently asked for more contribution because the cost will be higher than their preliminary estimate. He will tell them that the City only has \$8,000 in this budget year. MDOT is expected to complete the bridge reconstruction by early November.

PUBLIC COMMENT ON MATTERS OF SIGNIFICANT INTEREST TO THE PUBLIC

NOT ON THE AGENDA: Rory Horning suggested that the City's reserve funds should be used instead of charging the people more in taxes. He said he will set up a meeting with the realtors and ask Todd Crossett to give his presentation on the resort tax and feels that the public wants to know exactly what items will be subject to the resort tax. Marilyn Bert owner of Page by Page Books asked the City Commission to consider passing an ordinance to ban smoking within 20 feet of an entrance of a public facility. Since the smoking ban has been in effect starting in October there have been more problems with loitering and more instances with people smoking outside of the Wolf Den. She related that her friend Melinda recently had an ugly experience when she walked by a number of people who were smoking outside the Wolf Den made profane remarks at her. Melinda had no problem collecting two pages of signatures from the storeowners on Main Street and the public, on a petition asking for more than the City's existing ordinance to prohibit smoking in front of public buildings. Mayor Marchello explained that there is a state law prohibiting smoking within 20' in front of a doorway. Commissioner Clavadetscher suggested the proposed ordinance be put on the agenda. City Manager Todd Crossett said he talked to Melinda about this issue and will continue to prepare a sample ordinance for the City Commission's consideration. Murat Kalinyaprak stated that in the past there have been issues with people not respecting members of the Council and tonight he saw some employees not respecting members of the Council. He stated that he will never respect certain members of the council whose comments and behavior he doesn't agree with. He commended Commissioner Duford for standing up for the general public and promoting lower taxes and noted the gestures of City employees when she was talking.

Meeting adjourned at 8:34 p.m.

Lou Marchello, Mayor

ATTEST: _____
Aggi G. Loeser, City Clerk