

**CITY OF POLSON
COMMISSION PUBLIC HEARING MINUTES**

Commission Chambers

August 24, 2020

6:30 p.m.

ATTENDANCE: Mayor Briney, Commissioners, Howlett, Isbell, Marchello, Martin, Moll, Pardini, City Clerk Cora Pritt

ABSENT: Interim City Manager Wade Nash

OTHERS PRESENT (who voluntarily signed in): Larry Ashcraft, Clint Cottle, Cindy Dooley, Lee Manicke, Kyle Roberts, and Gayle Siemers

CALL TO ORDER: (00:01) Mayor Briney called the meeting to order. The Pledge of Allegiance was recited. Roll call was taken.

APPROVAL OF PROPOSED AGENDA (00:58) –Commissioner Martin motion to approve the proposed agenda. Commissioner Moll second. Commission discussion: none Public comment none. **VOTE: Unanimous Motion carried**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA (01:40) – none

OPEN PUBLIC HEARING 6:32 p.m. (02:06) - Mayor Briney opened the Public Hearing

FISCAL YEAR 2020-2021 PRELIMINARY BUDGET (02:13) – City Finance Officer Cindy Dooley presented this agenda item. City Finance Officer Dooley explained that the City has a Working Capital budget. The General Fund will end this year with \$746,269.00 which is where the City should be. The Fiscal Year 2020-2021 Budget Message is:

Fiscal Year 2020 – 2021 Budget Message

To Polson City Commission and the Citizens of Polson:

Tonight the City is holding its annual public hearing on the preliminary budget. We are anticipating passing the final budget at a special City Commission meeting on September 3, 2020. The following is a summary of budgeted resources for the City and budget highlights for specific funds.

Budget Overview

The City budget is prepared on a cash basis looking at current resources and current expenditures for governmental funds. The Proprietary funds are also budgeted on a cash basis. The total estimated revenue budget is \$11,038,540 and the total budgeted expenditures (appropriations) are \$13,069,389. The following table shows a condensed summary of the working capital at the beginning of the fiscal year, the estimated resources, budgeted expenditures and ending working capital by fund category. Working capital is the amount of operating liquidity that the City has to meet its ongoing obligations. Budgeted expenditures exceed estimated revenues by \$2,030,849. The majority of this excess is in the enterprise funds where prior year reserves will be used to finish projects in these funds.

	Governmental Fund Types				Proprietary Fund Types	Total all Funds
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	
Beginning Working Capital	\$ 854,773	\$ 2,600,217	\$ 226,913	\$ -0-	\$ 8,043,863	\$ 11,992,371
Total Estimated Revenues	2,826,274	1,376,899	67,054	-0-	6,768,313	11,038,540
Total Budgeted Expenditures	2,934,778	1,952,288	91,735	-0-	8,090,588	13,069,389
Projected Ending Working Capital	\$ 746,269	\$ 2,024,828	\$ 202,232	\$ -0-	\$ 6,721,588	\$ 9,694,917

Although the General Fund will always continue to present budgeting challenges, we managed to hold down expenditures in many line items in the General Fund and once again have met our 16.67% fund balance reserve in the General Fund. The 16.67% fund balance reserve was set as part of Ordinance #2015-003. Cities and towns are allowed to carry a fund balance reserve of up to 50% of budgeted expenditures in tax levied funds. A city our size should have a fund balance in the 15 to 25 percent range to cover expenditures from July to November of the current budget year as tax revenues are not received until December from the County. The 16.67% is on the lower end of the scale, but sets a minimum that can carry the City through the first 5 months, but it doesn't leave extra funds for capital outlay reserves.

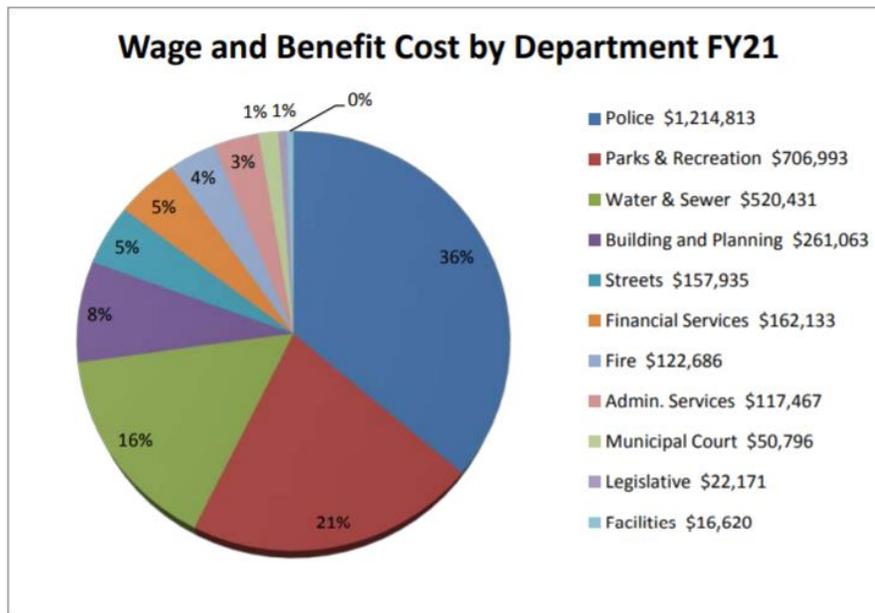
We received our certified property values from the Department of Revenue (DOR) on July 30, 2020. The City has a current year increase in taxable value of \$40,668 (.4%) from the previous year's value. This will raise \$1,405,426 in tax revenue for the General Fund. The packet contains a mill levy history sheet showing the changes from year to year. This is the second year of a two year re-appraisal cycle. We do budget for the full amount of tax revenue that is calculated. However, there is some uncertainty as to the tax revenues that the City will actually receive as the values may continue to change. The certified value process continues to cause concern for us as well as other cities and counties. The City's newly taxable property decreased \$43,178 from the prior year. Other taxing entities have seen a similar decline. The lack of transparency in the State's calculations for figuring newly taxable value and changes in centrally assessed value have caused the City concern over the past four – five years. The City will levy 144.33 mills for the General Fund compared with 142.24 for FY20, 19.95 mills for the Police Municipal Services Levy Fund (same as prior year), and 16.35 mills for the Permissive Levy Fund (this fund provides revenue to help cover health insurance costs) compared with 13.79 mills for FY20. The City's health insurance premiums will see a 7% increase for FY21. There had been no increase for three years and our claims experience finally caught up with us. This increase is being shared 2.5% by the Employees and 4.5% by the City.

The incremental value of the Tax Increment Financing District (TIFD) decreased \$14,220 for FY21. This year the estimated tax revenue for the TIFD is \$198,113 compared with \$205,900 for the previous year.

The City receives an annual payment-in-lieu-of-tax (PILT) from the Confederated Salish & Kootenai Tribes for the KwaTaqNuk Resort and for tribal housing complexes within the City. This PILT is approximately \$35,000 - \$40,000 for the resort based on General Fund expenditures each year. The tribal housing complex has been \$6,150 for the past several years based on the number of units. For the 2020 tax year the City will receive a PILT from the affordable housing complex in Ridgewater owned by Polson Landing LLLP. The City has not received the assessed valuation Based on an assessed valuation of \$5,174,769 and a taxable value of \$69,859, the City will receive a General Fund PILT of \$10,000, a Police Municipal Services Levy Fund PILT of \$1,400 and a Permissive Levy Fund PILT of \$960 this year.

The City is trying to keep wages in parity with other cities of similar size and with Lake County and at the same time provide some flexibility in placement of individuals based on experience. The City has budgeted a 4% COLA (Cost of Living Adjustment) for all full-time and permanent part-time employees. A complete list of full-time and permanent part-time wage information can be found in the budget packet.

The following is a break-down of total wage and benefit costs for each department for FY2021:



Healthcare costs continue to be one of the City's largest budget items. The City offers two health insurance plans through Blue Cross/Blue Shield. There is a high deductible plan with a \$5,000/\$10,000 deductible for Individual/Family and a low deductible plan with a \$3,000/\$6000 deductible for Individual/Family. The City also offers dental, vision and basic life and AD&D insurance benefits. For FY21 as previously mentioned, the premiums increased 7% for Blue Cross Blue Shield. The premium remained flat (no increase) for dental, vision and basic life. Employees are contributing a total of \$50.62 per month to the cost of insurance for employee coverage. Employee/spouse is paying an extra \$50.60 per month (\$101.22 total); Employee/child is paying an extra \$56.70 per month (\$107.32 total) and Employee/family is paying an extra \$107.32 (\$157.94 total) per month for those on the high deductible plan. Those on the low deductible plan are paying \$116.32 per month for their plan. The City pays the rest of the premium cost on these plans. Spouse/Child/Family coverage is all at the employee's expense on the low deductible plan.

As part of a five year phase-in plan on the way liability premiums are calculated with our carrier MMIA (Montana Municipal Interlocal Authority) the liability premium increased \$10,796. There are several factors involved in this increase. The City's modification factor is based on the claim history over the past five years. This factor increased from 1.46 for FY20 to 1.64 for FY21 – a 12.3% increase based on our less than stellar claim history. Also the City has a negative fund balance (claim payouts exceed premiums) as of June 30, 2020. The formula for premium credits has been changed so that cities with negative fund balances have their premium credit applied against the fund balance instead of against their premiums.

Specific Fund Highlights that have been budgeted based on the Strategic Plan and needed projects are as follows:

Governmental Funds:

Administration:

- CIP Project (Capital Improvement Plan) \$16,000
- Technology Infrastructure hardware/software \$27,500
- TIF grants for façade and infrastructure improvements \$174,325

Police:

- Police Vehicle \$72,000

Fire:

- Hire part-time fire chief assistant
- Turn-outs and pagers \$20,000
- Fire Department Relief Association Actuarial Study \$5,000
- Seeking grant funding for SCBAs (not currently budgeted)

Parks and Recreation:

The parks portion of the department is funded through the General Fund, while the recreation side (golf) is funded through the enterprise fund. This specific section will just discuss the Parks Department.

- Fencing for Salish Point Park \$4,100
- Possible completion of Skate Park Addition through donation funding \$220,000
- Seeking grant funding for a tree nursery (not currently budgeted)
- Seeking grant funding and donations for 3 new pickle ball courts (not currently budgeted)

Building:

- Purchase used pickup \$25,000 (transfer existing vehicle to Facilities)

Planning:

- No major increases expected.

Streets:

Streets are funded from both the General Fund and the Gas Tax distributed by the State of Montana

- Purchase second plow for Peterbilt
- Project to be decided for use of 2020 special gas tax money - \$117,985

Enterprise Funds:

Water:

- Hillside Reservoir Replacement Engineering, grant writing and excavation \$360,000
- Build Well House and connect Well No. 8 to the system \$1,034,000)

Sewer:

- Lift Station at Ridgewater – (City share) (from Impact Fee Fund) \$200,000
- Wastewater PER update - \$55,000
- Sewer line upgrade project - \$1,746,500 with local funds, grant funds and loan funding
- Engineering design for Lakeview Village Lift Station \$40,000

Golf:

- Replace golf cart fleet \$280,000 less trade-in of existing fleet \$168,000
- Donation of Training Center to City – approximately \$500,000

Sincerely,

Wade Nash, Interim City Manager

Cindy Dooley, Finance Officer

PUBLIC COMMENT (00:00):

Gayle Siemers thanked Finance Officer Dooley for doing a great job. The presentation of the Budget was very easy to understand. The salaries for the employees needs to be increased, especially for City Planner Kyle Roberts and Code Enforcement Officer Matthew Ellermann. These salaries need to be re-evaluated.

Larry Ashcraft also thanked Finance Officer Dooley for her work. City Planner Roberts has been the glue that has held The City Manager Search Committee together. Take a look at him, the City doesn't want to lose City Planner Roberts.

Mayor Briney closed the Public Hearing at 7:06 p.m. (36:13)

Prior to adjourning Mayor Briney asked the Commission if Action Minutes are agreeable. The Commission stated yes Action Minutes are agreeable.

**Adjourn (26:25) - Commissioner Howlett motion to adjourn. Commissioner Martin second.
VOTE: Unanimous Motion carried.**

ADJOURN: 7:06p.m.

ATTEST: _____

Mayor Paul Briney

Cora E. Pritt, City Clerk