

**BELGRADE CITY COUNCIL MEETING MINUTES
COUNCIL CHAMBERS**

August 5, 2013

7:00 P.M.

Mayor Russell C. Nelson called the meeting to order. Mayor and Council Members in attendance were: Russell C. Nelson, Brad Cooper, Tudor Gee, Mark Criner, John Youngberg, Bob Retterath and Anne Koentopp. Others in attendance were: City Attorney Rick Ramler, Finance Director Phyllis Wernikowski, Acting City Manager E. J. Clark, Public Works Director Steve Klotz, Hector Anzaldua, Leanne Bachmeier, Sue Caldwell, Kevin Moriarty, Ben Ganser, Shannon Marinko and Michael Tucker.

APPROVE MINUTES OF JULY 1, 2013 MEETING – Council Member Youngberg motioned to approve the Minutes of the July 1, 2013 Meeting. Council Member Criner seconded the motion. All voted aye, motion carried unanimously.

APPROVE MINUTES OF JULY 15, 2013 MEETING – Council Member Cooper motioned to approve the Minutes of the July 15, 2013 Meeting. Council Member Retterath seconded the motion. All voted aye, motion carried unanimously.

PUBLIC FORUM

Mayor Nelson called for any members of the public to speak during the public forum.

Hector Anzaldua from the Up with People Organization, is working in Bozeman for Up with People providing community service. They are looking for host families from the week of August 26, 2013 through September 2, 2013. The host families would provide breakfast a few dinners and limited transportation. Host families will receive two complementary tickets. The organization is also looking for donations of meals, facilities or community projects. He provided the Council with a website and phone number to obtain more information.

Mayor Nelson called three times for any members of the public to speak during the public forum. Hearing none closed the public forum.

PUBLIC HEARING

ORD. 2013-7 AMENDING THE SEWER REGULATIONS ORDINANCE TITLE 9, CHAPTER 3, BELGRADE CITY CODE TO ADOPT INDUSTRIAL WASTEWATER PROVISIONS – Steve Klotz, Public Works Director stated this is an ordinance that allows the categorization of industrial users of the City's waste water system. Once the City is able to categorize as industrial users the city then can make regulations in water terms as well as allow some functions not previously allowed under the City's current ordinance.

Mayor Nelson called three times for any members of the public to speak public during the public forum. Hearing none, the public hearing for Ordinance 2013-7 was closed.

Council Member Criner made a motion to adopt Ordinance 2013-7, amending the sewer regulation Ordinance Title 9 Chapter 3 of Belgrade City Code to adopt industrial wastewater provisions. Council Member Youngberg seconded the motion

Mayor Nelson called three times for any discussion, hearing none, the council moved to vote. All voted aye, motion carried unanimously

LOAN TO STEALTH PRODUCTS INC. TO BE FUNDED BY THE CITY OF BELGRADE ECONOMIC DEVELOPMENT REVOLVING LOAN FUND – Acting City Manager Clark stated that this is a transfer of the loan that the City originally had given to Xplore Mobility, Wayne Hanson’s company. Wayne Hanson has sold Xplore Mobility to Stealth Products Inc. and would like to transfer the remaining loan. Council Member Cooper confirmed that Stealth Products Inc. is assuming the debt only, not asking for more money.

Mayor Nelson asked if the Revolving Loan Fund Committee had seen the Stealth Product’s application and financial information. Council Member Cooper stated the loan committee had looked at everything that they provided. Council Member Cooper stated that Lorenzo Romero, CEO of Stealth Products is willing to sign a personal guarantee on the loan. Stealth Products Inc. has an annual income of \$14,000,000 dollars, and is financially sound.

Acting City Manager Clark stated that Stealth Products Inc., is located in Texas, Mr. Romero knows that he has to keep people working in the Belgrade location. Mayor Nelson asked if City Attorney Ramler was involved in handling the new loan documents. City Attorney Ramler stated he handles the documents.

Mayor Nelson called three times for any members of the public to speak during the public forum. Hearing none, the public forum was closed.

Council Member Cooper made a motion to fund the loan to Stealth Products Inc., from the economic development allowing Stealth Products to assume the loan that had originally been made to Xplore Mobility. Council Member Retterath seconded the motion. All voted aye, motion carried unanimously.

REPORTS

Mayor Nelson had nothing to report.

City Attorney had nothing to report.

Acting City Manager Clark had nothing to report.

DISCUSSION AGENDA

UPDATE ON SOLID WASTE DISTRICT ACTIVITIES, KEVIN MORIARTY

Mayor Nelson introduced Kevin Moriarty as the City's representative on the Solid Waste District that is located in Logan and that he is kind enough to provide us with quarterly updates and that is why he is here today.

Kevin Moriarty thanked the council for having him back. He stated that he was pleased to say they had finished the fiscal year in June and that more than 3000 tons of solid waste had come into the Logan Landfill over the past twelve months. This is was a slight decrease from the 4000 tons in the previous years. Revenue was \$3,200,000 that is down about \$400,000 from the prior year. The lower tonnage affected the income. Equipment costs and depreciation of equipment also caused a decrease in income.

Mr. Moriarity stated that the Solid Waste District continues to make progress on the Logan Springs Land Swap, spraying for weeds, and bringing it up to the specs that are required so they can make a swap on that.

Recycling efforts continue to move forward and additional recycling sites similar to the one in Four Corners that was recently added. Mr. Moriarity also stated that they are restructuring boxes to handle an increased volume of plastics. He stated they were not seeing as much paper being recycled.

Mr. Moriarity stated that composting continues to move along as well and that 2000 tons of materials were composted. We have started putting down some ground covering and seeding on the east side and north side of the landfill.

The Landfill continues to be proactive on water treatment underneath the landfill. The Solid Waste Board recently voted favor of a dedicated equipment wash bay. We did not have a dedicated equipment wash bay previously now we do. The Logan Landfill and the Solid Waste Board is actively trying to stay ahead of the DEQ requirements by looking to the future and forward thinking. We want the Logan Landfill to maintain its place as leader in the state for how we handle equipment, trash compaction, and recycling efforts.

Martin Bay, the manager of the Logan Landfill has stepped down and has taken another position out of state. Jim Simonson is the Acting Manager now and has been doing a great job. He is one of the candidates that they are interviewing for the full time permanent position.

Finally, as you have read I am stepping down. I just wanted to say that I feel I have been involved in a good program I did a great job of making sure costs were contained, ensuring that bids were placed and RFPs were put out for purchases. I believe that the purchases made sense for the county and the plans going forward. Also, the Board has really started looking at the Bozeman Convenience Site. The Board is making sure that the Bozeman Convenience site is effective and makes good financial sense for the County as a whole. I really appreciate the opportunity to serve on the board. Thank you for your time. Hopefully, in the future I would be considered for other board positions as they become available, but I appreciate all of your time, thank you.

Mayor Nelson thanked Mr. Moriarity for volunteering to take on that position. Council Member Koentopp asked Mr Moriarity if he knew of anyone interested in taking his position on the Solid Waste Board. Mr. Moriarty stated he did not but he would ask around. He stated there was one person from Belgrade that is filling one of the seats and he would ask him if he would like to move into the representative position.

Council Member Cooper stated that Mr. Moriarity took on quite a task and did a commendable job on the Solid Waste Board. Councilman Cooper said it was tough job when Mr. Moriarity took it over and it has gotten a lot better since he has been there. Kevin Moriarty agreed that over the last two and a half years things have smoothed out nicely.

Mayor Nelson asked if we want to advertise to try to find somebody for the Solid Waste Board. Council Member Cooper asked if we could appoint a Council Member temporarily to sit on the Solid Waste Board while we look for a volunteer for the Board.

Council Member Youngberg stated that it would be difficult find a public member like Mr. Moriarity who is going to put the time in. Until we have somebody that is willing to do that, we should have two Council Members attend and see if one of them is interested. It takes a while to fill a board seat there. Council Member Koentopp stated that if the person that Mr. Moriarity mentioned were from Belgrade that might do the trick if he would be willing to be our Belgrade representative. Mayor Nelson stated that he would like to see Kevin shake somebody out and then we can decide at that time. The Mayor said he would go to the meetings and represent the Council on a very short-term basis until we have a new representative.

REQUEST PRELIMINARY PLAT APPROVAL HARTWIG TOWNHOUSE MINOR SUBDIVISION – City Planner Jason Karp stated that this is a townhouse lot split. This is at Lot 3 of Block 5, of the Ball Park Two Subdivision, phases two and three. It is at 911 Cardinal Drive. This is in an area zoned for one and two family dwellings and there are several two-unit townhouses on Cardinal Drive. This duplex is a two family dwelling unit that was built as a townhouse back in 2000, but at the time, they never went through the subdivision process. It meets the townhouse standards of two double walls going from the foundation all the way to the roof deck as a townhouse normally would, but they did not go through the subdivision review process so it is utilized as a duplex.

The owner would like to split the land so that each individual dwelling unit and the land around it could be sold separately. The difference between a townhouse and a condominium is with a condominium, the land is in common ownership and the dwelling units are sold separately. The lots are R2D, sidewalks are installed, and the entire infrastructure is in place except that this lot is served by only one water service line and one sewer service line off the water and sewer mains on Cardinal Drive. The water service line then splits inside the property and splits into two separate curb stands to serve each dwelling unit. Each dwelling unit is on its own water meter, but only one sewer service line serves both dwelling units. To comply with current standards and City requirements for a townhouse each dwelling unit must be served by its own service line connecting to the main, because, they are separate buildings, separate properties and so everything is separate. We have a condition recommended that would require a separate service line to be extended to the

dwelling units for water and sewer. There are no major impacts because this is two dwelling units already being lived in. There will not be any new additional impact to the City or City services. The Planning Board reviewed this project at their July 29, 2013 public meeting and voted unanimously to recommend the project subject to the conditions listed in your staff report. The conditions are all standard boiler plate conditions except for condition number six, which is the condition requiring dwelling units to be served by its own water and sewer service lines from the dwelling unit to the City main and that configuration being approved by the City of Belgrade and Department of Public Works. They have up to three years to complete the conditions of approval. They may apply for final plat approval if preliminary plat approval is granted. In your packets, you have a copy of the preliminary plat. Shannon Marinko is here from Skyline Surveying, and he can speak for the project and answer any questions that you would have.

Shannon Marinko asked if there any questions. Council Member Youngberg asked City Planner Jason Karp when they have three years does that include the water and sewer split too or is that prior to habitation if they sold it to two separate people. City Planner Jason Karp stated that they would not be able to sell it to two separate people until they get the final plat approval. Final plat approval comes back before the Council. They have to submit a request and the City has to sign off on it.

Council Member Youngberg made a motion that the City grants preliminary plat approval for the Hartwig Townhouse Minor Subdivision. Council Member Gee seconded the motion.

Shannon Marinko of Skyline Surveying stated that he agreed with everything that City Planner Jason Karp had to say. He did have a few comments about condition number six concerning addition water and sewer line into this property. Shannon Marinko stated that back in 2000 when this property was developed the structure itself was built it was compliant. It was okay to have a single water line coming in as well as a single sewer line.

Shannon Marinko stated that they are just doing a simple property split that seems to be a title issue. Shannon Marinko stated that many building codes are difficult to enforce after the fact. City Planner Jason Karp's townhouse standards were enacted in 2003 or 2004. City Planner Jason Karp stated that was correct. Shannon Marinko stated that he just wanted to reiterate that this structure was built to code at the time. Nothing is changing other than allowing a split in property.

Mayor Nelson asked if it is a rental property, or is it owned. Does the owner live in it? Does the owner rent it out to tenants? Shannon Marinko stated that it is a rental for now. Council Member Cooper asked if the owner pays the bills for the water and sewer. Shannon Marinko was unable to confirm. Council Member Cooper stated that he thought that one of the reasons you have to separate it is because you are going to have two people paying water and sewer. It is difficult for two different owners to decide who pays what. Shannon Marinko stated that with this curb structure it is metered on both sides. The water line does split, it splits about fifteen feet or so into the property and there are curb stop water lines going both directions with curb stops just beyond that so either one can be shut off without affecting the other unit.

Council Member Cooper asked if each one had its own meter so you know how much water they use. Shannon Marinko replied, yes. Council Member Cooper stated that we base the sewer rate on the water usage.

Shannon Marinko stated that it is an interesting situation; it was built with the intention of eventually splitting the property and becoming townhouses. The subdivision split just did not happen at that time.

Council Member Koentopp asked what would have to be done for compliance with condition number six. City Planner Jason Karp stated to meet current standards they will have to bring a new water service line. They will have to dig a trench from the water main in the street on Cardinal Drive and run it to one of the dwelling units and then they will have to put in a new curb stand and they will have to reconfigure the situation. Currently there is a Y configuration. They will have to take out one of those two curb stands and just have one curb stand for that unit. There will be a little bit of retrofitting involved. Shannon Marinko knows what the costs would be.

Mayor Nelson asked if we could accomplish the same thing the way it is now rather than making them install two separate lines. We are asking for two, but there is one line and it splits it is still being metered and everything adds up the same except there is one service line.

City Planner Karp replied, if there is a problem with that one line, it is going to affect both dwelling –units. They owners of each unit would have to work it out what needs to be done. The single line was acceptable back in 2000. There are many townhouses set up that way. The standards have changed and we recommend that the property owners comply with the current standards to get subdivision approval.

Council Member Criner stated he was concerned about the sewage with just one line, the possibility of it backing up into two homes and the City's liability. City Planner Karp stated that he believed the sewer was set up the way they did it back in 2000. It is just one service line into the building and then it went into the other side through the crawlspace. There is truly just one sewer line. If it clogs up who is to say who clogged it up and who pays for it. Council Member Youngberg stated that the same would apply if there were a leak in the water service line between the curb stop and the main. The landowner would be responsible for repairs, but which landowner.

Mayor Nelson asked if one person owns the property. Acting City Manager Clark stated that currently the property is owned by one owner but the dwelling units could be sold individually as soon as subdivision approval.

Shannon Marinko stated that the Council had brought up a very good point and would try to enter into a shared use agreement so that both homeowners would be responsible for the water and sewer no matter what happened. City Planner Jason Karp stated that one of the Planning Board members suggested a shared use agreement. Council Member Retterath asked what the City's liability is. Council Member Cooper stated that if you have an agreement it would be fine, but if something ever failed they would have to go to separate

services. Shannon Marinko said I think it would be a requirement to have a shared agreement. Council Member Koentopp asked City Planner Karp what the cost would be for completing Condition number six. Shannon Marinko stated the engineer he spoke with estimated three to five thousand per line, and anywhere from six to ten thousand dollars for another water and sewer line. Mayor Nelson suggested use of the existing one and construct a new one. Shannon Marinko stated that would satisfy Condition number six.

Mayor Nelson asked to hear from Public Works Director Steve Klotz I am just puzzled that this was okay in 2000. Public Works Director Klotz explained that the process in subdividing the property dictates why the change is required. Public Works Director Klotz stated the biggest issue for the City is that DEQ defines that a sewer main is one or more units on that line. Once you have one service line shared by two properties as it becomes a City main and the City would be responsible for that. The City would also need an easement onto property. The current owners could have an agreement but if that was going to happen it would be more than likely that the next buyer of that property would want an easement so that he could service his own water line or his own sewer service line.

City Attorney Ramler stated that the line to the Y or the curb stand would be the City's responsibility under this. It would be a main line. Public Works Director Klotz stated that on the sewer it would be a main line all the way up to the building and the splits of the building.

Mayor Nelson asked Shannon Marinko if he had any last words for the City Council. Shannon Marinko stated that he could alternately address this and would be more than happy to supply whatever easements needed on the plat.

Mayor Nelson called three times for any public comment. Hearing none, the public comment was closed.

City Attorney Ramler asked if this process was required when they built the dwellings. City Planner Karp stated that the subdivision process was required during building at that time. They did not submit a subdivision plat at that time like several of the other townhouses on that street. Mayor Nelson asked what was in force back when it was built. City Planner Karp responded that if they done it in the year 2000 when built, it would be configured just as it is. That was how it was done then, and the way we do it now is the proper way. Council Member Cooper stated it was done properly, but in the improper manner. City Planner Karp stated that is a good way to put it.

Council Member Cooper stated since they did not do the correct paperwork at that time, are we to go ahead and grant them approval for not coming in and doing the paperwork. City Planner Karp stated that we have to adhere to current standards with the current request. The applicant would like to keep it as it is.

Council Member Criner asked about liability on the water line. Public Works Director Klotz responded the City would have liability. It would be a little different because typically we operate our curb box in the City right of way. The City does not technically own the water or sewer service line from the home to the main. Acting City Manager Clark stated if you

approve this into two townhouses, the City is responsible for the line up to where it split in the dwelling, but if it were duplex, we would only be responsible to the curb stop.

Council Member Criner stated that he was more apt to allow the water but not the sewer. City Attorney Ramler asked if the City has an easement to the curb stop for service. Public Works Director Klotz stated that the curb stop is in the right of way already. If it ever has to be shut down we are not trespassing we do not have any problems if the line goes out.

Mayor Nelson stated that there was discussion that they could grant an easement to the City, which is not normal, but would allow the City to go on their property when they needed to, if the Council approved it this way.

City Planner Karp stated that there are utility easements in the front of the property now. It is unknown if these lines are in the easement.

Mayor Nelson asked if the Y is in the easement or right of way or is it on private property. Shannon Marinko stated he could not answer. City Planner Karp stated that there is usually about ten or twenty feet of frontline utility easement not shown in the plat. There are curb stops in that vicinity. City Planner Karp stated that he would lean toward probably not, that it is ten feet into the property.

Mayor Nelson asked Public Works Director Klotz if he had experience with situation like this where two homes or townhouses share sewer service lines and Y'd prior to going into the main. Public Works Director Klotz stated that he had seen a similar situation. When the line became clogged on private property, one of the homeowners did not want to pay for the issue because they felt that the other homeowner was responsible. Once we found that the line split this way the City then was responsible for that clog. The City then paid the expense to separate those lines and hook it up to the sewer to correct the situation.

Council Member Cooper stated that if you are going to put a new sewer line on it then you might as well put the water line in too.

Council Member Criner stated you do not put sewer and water in the same ditch; they are usually two different ditches. Public Works Director Klotz stated that in the right of way, you have to abide by DEQ, but service lines are a little bit different. Montana Standard Public Works or the plumbing codes do not govern service lines. You can put them in the same ditch under certain conditions.

Mayor Nelson asked if the City could work the possibility of the same trench. Public Works Director Klotz stated it is possible to put one trench down the property line and have the sewer lines on each side. Council Member Cooper stated that there are many in Belgrade like that.

Mayor Nelson stated that the motion is to approve as presented including item six with no further discussion, we will hold a roll call vote.

Council Member Brad Cooper voted no.

Council Member Anne Koentopp voted aye.
Council Member Bob Retterath voted no.
Council Member Tudor Gee voted aye.
Council Member Mark Criner voted no.
Council Member John Youngberg voted aye.

Mayor Nelson stated that before he votes, is the proposal to leave the water as is and just do the sewer. Is that of interest to any to any of the Council? Council Member Cooper stated that he would not go that way. Council Member Bob Retterath stated that he would not go that way. Mayor Nelson stated that I am trying to find out if we can come to some sort of compromise here before I make a decision. Council Member Cooper stated that sometimes there is no good compromise. Mayor Nelson stated he was trying to negotiate a compromise, but there is not one.

Mayor Nelson voted aye.

Mayor Nelson stated that the Request for Preliminary Plat Approval Hartwig Townhouse Minor Subdivision passes four to three as presented by the Belgrade Planning Department.

SIDEWALK VARIATION REQUEST FROM TOWN PUMP, INC. FOR THE HOLIDAY INN EXPRESS MOTEL PROJECT – City Planner Karp stated we have a request from Town Pump Inc., for the Holiday Inn Express Motel project, which as you know, is progressing very well over on West Madison Avenue. The Belgrade City Code section 10-5-17 requires sidewalks installed as a condition of issuance of a certificate of occupancy for the construction of commercial buildings and residential dwelling units within the city limits. The code does include a provision allowing the applicant for a building permit to request the City Council allow a variation from the sidewalk requirements. If the City Council determines a variation from the requirements of this ordinance is appropriate in specific cases the Council may require such mitigating requirement as deemed appropriate under the circumstances. The policy is that whenever a there is a new building sidewalks are required on the street frontage that is adjacent to that property.

In this case, the Holiday Inn project is on the Town Pump owned property, which is the former Louisiana Pacific sawmill site, which I believe is around sixty-two acres in its entirety. That is all one big parcel and includes the Town Pump convenience store, which occupies about twelve acres of that site. To meet the current policy they would be required to build sidewalks along the full length of Madison adjacent to that property, the length of Jackrabbit from Madison to Arden Drive and then also on Arden Drive adjacent to the property going west. It would be a significant amount of sidewalk.

The applicant is requesting that the City Council wave the full sidewalk requirements. They propose to construct the sidewalk along Madison Avenue from the motel site going east to Jackrabbit Lane. At the intersection of Jackrabbit and Madison there is already a truncated dome, where the sidewalk can hook right into it and the crosswalk is right there. You should note that the Town Pump convenience store that is there with the car wash was built before our sidewalk policy was in place. In 2006, the sidewalk policy was put into place. At that

time, we did not have a sidewalk requirement for building permits. That is why there is not a sidewalk around the Town Pump store already. The applicants' request has a with a map showing a proposed sidewalk highlighted in pink on your copies. That is where they would like to build a sidewalk. We have Town Pump representatives here tonight including Roger Hovas, who is the project manager for the motel, which is nearing completion.

Council Member Koentopp asked if that would include curbing. City Planner Karp replied that there is curbing on Madison now. There is no requirement in the Belgrade City Code for streets that do not have curbing it just requires sidewalks. Jackrabbit that does not have a curb. If they put in sidewalk, they would not have to curb.

Mayor Nelson stated what is required is all the way down Madison from Jackrabbit clear to the end of the property, past the motel, way, way down there. City Planner Jason Karp replied, yes.

Council Member Youngberg asked if the applicant would need to put in curb and sidewalk. City Planner Karp stated no it would just be sidewalk. This ordinance only concerns itself with sidewalk not curb. Curb standards come into play whenever there is a subdivision, but we do not require curbs on building projects unless they are rebuilding the street as part of the project.

Mayor Nelson asked if this includes Madison and all the way to Arden drive, which is the end of their property. City Planner Karp stated it would turn into Bruce Industrial Park and then they have frontage along Arden Drive for a ways as well. Mayor Nelson asked would it be required also along the back of the property. City Planner Karp stated no street is there, so no requirement.

Council Member Youngberg asked if we give them a variance here, when they go to develop Town Pump Inc. who develops the rest of that. What would require them to put sidewalk down Jackrabbit? City Planner Karp stated that anytime they apply for a building permit it triggers the requirement.

Council Member Gee asked if one owner owned the property. City Planner Karp replied it is one big parcel. Council Member Gee asked if the convenience store is the same owner. City Planner Karp replied yes. If they decide to subdivide the property, it would require sidewalks.

Mayor Nelson asked if there is sidewalk on Jackrabbit across the street. City Planner Karp replied there are sections of sidewalk, but it is not contiguous all the way through. Council Member Cooper stated that there is no sidewalk in front of the tire shop. City Planner Karp stated that just last year they finished the sidewalk in front of the Big Sky Western Bank. That provided a nice length of sidewalk from Missoula to the edge of the railroad right of way.

Mayor Nelson asked why there was no sidewalk required in front of the Town Pump building on Jackrabbit. Council Member Koentopp replied that The Town Pump was there before the City had a sidewalk ordinance in place.

Council Member Cooper stated that at one time there were plans to make, Jackrabbit four lanes. The City did not want to build all the sidewalks if they were just going to tear them out. Acting City Manager Clark stated the State still would like to make Jackrabbit four lanes eventually. Council Member Cooper stated that this is why the Council elected not to make anyone do it until the State decided what the State is going to do with Jackrabbit.

Mayor Nelson asked Council Member Youngberg if the State still plans to widen Jackrabbit. Council Member Youngberg stated yes.

Council Member Youngberg stated we were waiting to see what the development plan is for the old mill site was so we could determine ingress and egress. After the plans are developed for the site, the road could be widened and the developer might be required to pick up part of those costs for a turn lane or the four lanes.

Acting City Manager Clark stated that earlier this spring he was present for a meeting with the State, Mr. Hovas, City Planner Karp, Public Works Director Klotz, and City Attorney Ramler. The State was very clear that they still want to widen and extend Jackrabbit.

Council Member Youngberg stated I would vote to see the sidewalks installed , but I don't think that is right require this if the developer might have to tear it all out again. Council Member Cooper stated the State usually puts in sidewalks.

Council Member Koentopp asked City Planner Karp is it feasible to cross the road to the entrance into Town Pump on Madison. City Planner Karp replied that there is sidewalk along Clarkin Park. If you are staying at the motel and want to walk to Lee and Dad's, when they build this new sidewalk along Madison, you will walk to the intersection cross the street and still be on sidewalk part of the way to Lee and Dad's. Council Member Koentopp stated I am talking about the entrance into Town Pump on the Madison side. If I am at the Holiday Inn Hotel, and I want to walk to Lee and Dad's across the street is there an entrance into Town Pump. Acting City Manager Clark stated there are two. City Planner Karp stated that the sidewalk goes along there.

Council Member Criner stated asked if when it is developed would they be required to put sidewalks in. City Planner Karp stated that will be the requirement that we have, but they can request a waiver again for part of it or all of it. The waiver request would come before the City Council.

Council Member Youngberg at that time we might require curbs too. City Planner Karp stated if it were a big development project, we would have to. There will be traffic studies on Jackrabbit. Council Member Criner stated that even if they did not go four lanes there is no sense in putting a sidewalk in and then running heavy equipment over it when you go to develop the property you would just destroy the sidewalks and you would have to build it twice.

Mayor Nelson if the applicants wish to speak. Roger Hovas with Town Pump introduced himself and thanked the Council for the opportunity to submit the waiver. He stated that he did think that it would work out best to wait before installing the sidewalks until

we know what will happen with the development of the area. From a purely business standpoint, for us that is quite an investment for the hotel property to absorb, 3,000 linear feet of sidewalk is quite expensive even at a dollar a foot that would be \$300,000. That is quite a bit for the hotel to absorb. We intend to comply with the sidewalk requirement as development happens. We do not want to have these costs on top of this project. Each of those entities stands on their own as a profit center and as subsequent things are built, or we build to lease, each one of those would be responsible for installing sidewalks when the projects go in. That is how we envision it. We are only developing the three and a half acres and so we did agree with the sidewalk on Madison Avenue. We will be in compliance on that side and we will continue as we develop.

Central Valley Fire Chief Ron Lindroth stated he had a question of getting the sidewalk weight standards and the amount of heavy duty traffic crossing that, will those sidewalks be built to road standards versus sidewalk standards. City Planner Karp stated they would build to our city specifications. Roger Hovas stated the approach section of the sidewalk is six-inch sidewalk. Typical sidewalk is a four-inch sidewalk and both are four thousand PSI.

Council Member Criner asked if the entranceways would hold those big fuel trucks that come in there to fill the tanks. Public Works Director Klotz stated the six-inch sidewalk requirement is to handle large vehicular traffic and is successful at other sites. They are standard across the state for areas that have truck traffic. Roger Hovas stated that Town Pump uses six-inch concrete if there is going to be truck traffic.

Council Member Gee asked if the sidewalk that goes across the driveway need to be concrete or can it just be grass areas similar to the fire department and the fire hall. We have sidewalk easement, but there is no concrete sidewalk in front of the fire hall.

City Planner Karp stated the specification calls out for concrete sidewalk in the approach area. Public Works Director Klotz stated technically a grass strip is a sidewalk. A sidewalk is defined as an area adjacent to the right of way. Council Member Gee stated just thinking instead of having to cut up the existing pavement could it just be the grassy areas in between. You would not mess up the pavement and the grade and everything is already there. Council Member Criner stated you could just walk on asphalt instead of concrete. City Planner Karp stated that most approaches are in concrete. Public Works Director Klotz stated it does not meet our city specifications, asphalt is not allowed. If you allow asphalt for sidewalk, it is hard not allow it throughout the entire city. The longevity of the sidewalk is the issue if you allow grass or asphalt instead of concrete.

Mayor Nelson called three times for any public. Hearing none, the public comment was closed.

Council Member Koentopp motioned to grant the variation request from Town Pump for the Holiday Inn Express Motel. Council Member Gee seconded the motion. All voted aye, motion carried unanimously.

CONTINUATION OF TABLED DISCUSSION FROM JULY 1, 2013; DISCUSS AND SELECT FINANCIAL AUDITOR FOR FISCAL YEARS ENDING 2013, 2014 AND 2015

Finance Director Phyllis Wernikowski stated that we are purposing to allow Amatics group to become our CPAs for the next three years. We received proposals from Rudd and Company, Amatics and JCCS. The JCCS firm split on the first day in July and formed JCCS and Amatics. The Amatics group was the Bozeman office of JCCS prior to their split. The Amatics group actually took most of their better CPAs that had governmental experience. In my mind, they have more technical competence, than the JCCS group. Rudd and Company is a nice firm in town however; they have no city government experience. All of their governmental experience is with school districts. They just did not have the experience in Montana to do the audit. I am recommending the Amatics CPA Group to be our CPA for the next three years.

Council Member Youngberg stated the Farm Bureau have had excellent audit work done by the group formerly known as JCCS, which is now Amatics. Council Member Youngberg motioned to award the audit contract to Amatics CPA Group. Seconded by Council Member Gee. All voted aye, motion carried unanimously.

RENAMING OF ALASKA ROAD NORTH – Acting City Manager Clark stated we went through all the city street names, went up to JAS for a meeting and cross-referenced with county roads and came up with a list of remaining state names for renaming Alaska Road North.

Council Member Criner asked if there would be any problems with 911. Acting City Manager Clark stated they went to the County and the names on the list would not have any interference.

Council Member Koentopp asked the names of the two roads coming up to Alaska North. Acting City Manager Clark stated Yellowstone and Northern Pacific.

Council Member Criner stated I was thinking go plow Hawaii. Acting City Manager Clark stated is available Hawaii if you really want it. Council Member Youngberg stated those streets are almost all named after western states down in that area. Council Member Koentopp stated there are no western states left. Council Member Youngberg stated that as far as western states you have Oklahoma and Hawaii. Council Member Koentopp, Council Member Cooper, Council Member Retterath all chose Hawaii.

Mayor Nelson called three times for any public comment. Hearing none, the public comment was closed.

Council Member Koentopp motioned to rename Alaska Road North to Hawaii Street. Council Member Cooper seconded the motion. All voted aye, motion carried unanimously

AUTHORIZE ACTING CITY MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH MELISSA LEWIS FOR GRANT WRITING – Acting City Manager Clark stated that one project he and Public Works Director Klotz had been working on is street related, the other are park related with sidewalks.

The street related project is Pacific and Idaho. We are looking at building some bollards at that intersection. We need to apply for grants to finance these projects.

Mayor Nelson asked if former City Manager Menicucci had written for grants in the past. Acting City Manager Clark stated that former City Manager Menicucci wrote a lot of them. Sometimes we had other people write them. The period that we have to get them done in is September. With the staff being tied up we were hoping we could get this done and she would get all three of them done right away. Mayor Nelson asked if the fee comes out of the grant that we receive. Public Works Director Klotz stated no.

Mayor Nelson asked if the City would pay for a separate fee. Public Works Director Klotz stated yes, it is a separate fee.

Council Member Cooper asked if the City has to match the grant. Public Works Director Klotz stated these grants are similar to CTEP, which is going away. We did not use a grant writer for the CTEP funding we have in our CTEP account. We put in for Safe Walks to Schools. We typically did that on our own as well. That project is going away. We must have a project submitted by September for approval for next year or we lose some of our CTEP money. We have to use the current balance up by the end of September next year because that is when CTEP is no longer a revenue source. If we had any money left in our CTEP at that point it would revert to the State to the program that encompasses Safe Walks to School and the Transportation Enhancement Program. Transportation Enhancement is not handled as CTEP was. It is a competition where all of the communities submit their different projects and the State selects the projects it wants. Where Melissa Lewis comes in is her connections, she has worked on grant proposals for several successful projects that were selected.

Mayor Nelson asked if Ms. Lewis does grant writing for different communities for the same fund. Public Works Director Klotz stated yes, she is also working with Three Forks and another town as well. We have met and have looked at projects that we want to do. She gives a little input on what good projects are. She is very familiar on how each project is scored and ranked. She has visited with the State Board that determines how the projects are awarded. They already know what we are looking for. They are already in favor of those projects as well.

Acting City Manager Clark stated that Ms. Lewis has a good resume of obtaining grants for other communities.

Council Member Koentopp asked what the three projects are. Public Works Director Klotz stated it would be interconnecting the parks, an exercise trail at the new sports complex and redesigning the intersection at Northern Pacific and Idaho streets and the intersection on Arizona and Missoula near Prairie View Park.

Acting City Manager Clark asked if \$2,500 is the agreed upon fee. Public Works Director Klotz stated yes, it is typically \$2,000 per application, but some of these tie together. Mayor Nelson asked if Ms. Lewis had agreed to do the three grants for \$2,500. Acting City Manager Clark stated correct. Public Works Director Klotz stated yes.

Council Member Youngberg motioned to Authorize Acting City Manager Clark to Enter into a Professional Services Agreement with Melissa Lewis for Grant Writing. Council Member Criner seconded the motion. All voted aye, motion carried unanimously

REVIEW PROPOSALS AND SELECT AN EXECUTIVE SEARCH FIRM – Finance Director Wernikowski stated we did get six proposals from executive search firms and we put them together in a chart so that you could see the differences in prices and who places people in the Northwest Region. If you look at Mercer and Prothman, they are the two firms in our area that do the most work. You have had experience with Prothman. Mercer tends to be a company that I saw a lot of on the east coast when I lived out there.

Mayor Nelson stated Mercer's group includes expenses listed differently than Prothman. Finance Director Wernikowski stated that we would still have those expenses.

Council Member Criner stated that when you add them all up other, than the \$1,500per day, for the Waters Group, they all seem to be the same price. Council Member Youngberg stated he looked at the guarantees. The other thing to look at was the placements in cities similar in size to Belgrade. Some of the Northwest Cities were Tacoma Washington and Chandler Arizona that have much larger populations than Belgrade. It looks like Mercer and Prothman had more experience in the Montana range of placement.

Finance Director Wernikowski asked Central Valley Fire Chief Ron Lindroth if he would like to speak about how he felt working with Prothman.

Central Valley Fire Chief Ron Lindroth stated that actually he had a great experience working with Prothman. I think they put together a very good brochure when they were advertising for Central Valley Fire District. It was accurate and professional. Mr. Prothman was very professional in his interactions with me. I felt that it was a very thorough process. I think that they did a very good job.

Council Member Criner stated he dealt with The Prothman Company when on the hiring committee for the fire chief position. The Prothman group investigated the fire department, the city, and the entire community. They were interested in finding the person that fit with the community. They will come in and interview us find out where we are on sewer and water and what our needs are such as bigger sewer. They already know our community. They want the person that fits, regardless if that person has one degree or fifty of them.

Council Member Koentopp stated it seems they are all about the same, except for the base price. Council Member Gee stated that The Prothman Company already has knowledge of our community and area that is going to be a benefit of time saved. Finance Director Wernikowski stated that we might also benefit from the fact that Prothman is currently looking for somebody for Polson. They are already collecting candidates who are willing to move to Montana. That might be to our advantage because we can piggyback on what they are already doing. Mayor Nelson asked if we could negotiate a lower fee with The Prothman

Group. Council member Criner stated that there is no reason you could not negotiate with them by any means.

Council Member Criner motioned to allow Acting City Manager Clark to negotiate with The Prothman Company for the position of hiring a new city manager. Council Member Koentopp seconded the motion. All voted aye, motion carried unanimously.

RES. 2013-12 INTENT TO ADOPT A PERMISSIVE MEDICAL LEVY AND SET DATE FOR PUBLIC HEARING – Council Member Cooper stated he thought that we already raised this last year. Finance Director Wernikowski stated that the permissive medical levy is something that you get to recalculate ever year. It depends on what you spent on health insurance for your employees. It is very close to last year. I think last year we were at 1.4 for our permissive medical levy, this year it will be 1.52. This goes to offset the cost of what the city pays for health benefits.

Council Member Youngberg if you do not have the increase people could pay more for health benefits next year.

Finance Director Wernikowski stated our mill levies this year are going up from \$10,897.89 to \$11,274.19. The mill levy increase is about 376.30 per mill for this year. The market value of our property went up from \$393,031,021 to \$422,567,146. Our market values went up. Our taxable values went up and our newly taxable values all went up this year.

Acting City Manager Clark stated our health insurance went up 2.5 percent.

Council Member Koentopp made a motioned to adopt Resolution 2013-12 Permissive Medical Levy and set the date for public hearing of August 19, 2013. Council Member Cooper seconded the motion. All voted aye, motion carried unanimously

PRELIMINARY BUDGET FOR FY 2013-14 AND SET DATE FOR PUBLIC HEARING – Finance Director Phyllis Wernikowski stated that looking at our budget for this year, we are expecting about the same amount of revenue as we did last year. We will have that little bit of increase from the mills but we are still looking at the 1.3 or 1.4 million dollar range for revenues, very similar to last year. The expenses we are predicting are higher than what we are taking in, which is a concern. As Acting City Manager Clark can tell you, we went through the budget with a red pen trying to cut expenses. We have a 1% raise for the employees in the budget. The employees will not see the increase because of a 1% increase in their PERS contribution. The City has a 1% PERS increase in contribution, which again is hurting our budget situation. We do have the new fire truck in there, which makes it look like both our income and our expenses are higher, but that is just coming as a loan proceed and going out as the total fire truck expense.

Water and sewer; we have been losing money on water and sewer. We need to request an increase in our water and sewer rates. On the chart in the budget packet, we show the lowest water rates in a four state region based on the survey. The rates in the survey are based on six thousand gallons to make sure that everyone is matching apples to apples. Our water rates are \$17.18 per 6000 gallons and if you look at what other people are charging, we

low for water. The City has been hit with those same expenses. Water requires electricity, it requires equipment, and it requires personnel. Those things have been increasing over the past three years. The City cannot continue to give away our water.

We also need to consider the lawsuit. Last year we spent about \$147,000 on the lawsuit. We are expecting to spend another \$250,000 this upcoming year for the lawsuit for W Construction. The City is paying for water for the soccer fields and last year the soccer fields used 6,821,000 gallons of water. The cost of that water would be roughly \$8,117. All of these things add up and we need to raise the water and sewer rates. We have the new lift station going in. We have to start paying the loans even though we are going to get lower rates on our loans. It is an expensive proposition running a utility company and this is what we are doing.

We engaged Rural and Tribal Environmental Systems (RATES), who are consultants, paid by the state for communities fewer than ten thousand people. They looked at our rates and made some suggestions. One of the suggestions that we thought was the best was a 12% increase in the base rate of our water and sewer and then reducing the number of gallons that we give away. In our current water and sewer rate structure people get 5000 gallons of water included in the base rates. They suggested that we move it down to either four or three thousand. We are recommending that it go down to four thousand. My prediction is for most homeowners they will see about a \$7.39 monthly increase in their water/sewer bill. That will bring in about \$250,000 so that will relieve our loss and we can start building up.

There were also other suggestions such as a curb stop fee, where you pay a dollar a month into the curb stop fee to offset the cost of repairing the curb stop. Acting City Manager Clark stated that goes back to kind of what we were talking about the townhouse, where they are responsible out to the main. This would take it from the main up to the curb stop and if they had a problem, the City would take care of it. That one-dollar fee would go into a fund. It would be like an insurance policy, but I am not going to call it that. The customer would not have to pay the expense of the curb box when it breaks. The City would take care of it. You start looking at one-dollar a month fee instead of having to tell a homeowner they have to spend \$3,000 to fix the curb box because it is their responsibility. Other places have done it I believe it was the Heights.

Council Member Cooper asked if the homeowner gets any of the fees back. Acting City Manager Clark stated it goes in and is a fee that would just keep building so we can keep track.

Council Member Cooper asked if currently homeowners pay for their own repairs. Acting City Manager Clark stated that they are supposed to pay for their own repair. If your curb box goes out, the homeowner is responsible for the costs to repair it from the curb box to the main. The curb stop fund would cover the expense. You are technically paying for it up front all of the time to take care of it. It would obviously take a little while to build up to that. We do not have thirty curb stops go out a year. You could build the fund. That is just a proposal we are coming to you with. Acting City Manager Clark stated it would cost the homeowner \$12.00 a year for insurance on the curb box.

Council Member Retterath asked how much this fee would generate per year.

Finance Director Wernikowski stated if you are talking 2,400 accounts that we have it is about \$30,000 dollars that we would get each year.

Acting City Manager Clark stated that is what we were discussing earlier. A curb stop costs about \$3,000 and we only have one or two go out a year. By the time you excavate cut the asphalt and add up repairs the average homeowner does not have the funds to pay for this expense.

Council Member Cooper asked how this is going to offset the debt we are in now.

Finance Director Wernikowski stated that what you are doing is it is actually building up as a reserve. That reserve is sitting out there for when you need to repair curb boxes but also it sits on your reserve so when you are going to the DNRC and requesting a grant you can say we have this reserve here for repairing curb stops.

Acting City Manager Clark stated it would help because the City is paying for most of them right now.

Council Member Cooper stated the City should pay for some work. How much is the Public Works budget? We have employees hired to do the work. This is what we should be doing. Acting City Manager Clark stated that Public works would still be doing the work. We are not contracting the work out. The work is done by the City. Unless you had 15 of them and did not have enough crew to do it, but that is an idea coming down the road.

Council Member Koentopp asked if the 12% increase is figured in the budget. Finance Director Wernikowski stated yes, it is. Council Member Koentopp stated we have to have a public hearing. Finance Director Wernikowski stated that the City is going to go through the steps of notifying people by mail, having a public hearing, letting everybody know about the increase and having people come in and discuss it.

Acting City Manager Clark stated in this other step program where the gallons used changes it really helps out senior citizens because they don't use as much water. It comes down to the people that are using the water will pay for using the water. We are not giving away so much, as their terminology was you end up giving away water. The City can renegotiate with the school for the watering of the soccer fields if we need to, but that was part of our agreement when we took over was that we would supply the water that is in the contract.

Council Member Criner stated if the community wants those baseball fields and those soccer fields they need to pay for it.

Acting City Manager Clark stated we are looking at the more you add the more water is going to be required. Even the tennis courts that we are looking at right now still have grass and sprinklers all around so that will be even more grass to water. Council Member Cooper stated that maybe we should ask the people before we vote to add more to it to

increase the costs. The people did not have a choice in that \$8,000 the council decided that. People should have an informed choice in deciding what should or should not be funded.

Council Member Cooper stated that it does not hurt to put out what it is going to cost the people. Council Member Criner stated we should let the public know that if you keep adding parks your water rates have to go up, because someone has to pay to water those parks.

Acting City Manager Clark stated it is like the tennis courts when you and I talked, yes we are putting money in, because we do supply the water to the grass. We are helping with that. The school is going to do the maintenance on the courts themselves, but we still are supplying water to the grass around it.

Mayor Nelson asked if most cities figure sewer rates based on water usage.

Finance Director Wernikowski stated yes. Most cities compute sewer rates on the winter usage because they know summer rates are inflated.

Council Member Youngberg stated if we raised the base rate and left the per thousand gallons the same as what we are doing now, that is what you are proposing raise by 12% you would go from \$17.18 for 6000 gallons to \$18.90 for 6000 gallons.

Council Member Koentopp asked if the increase is projected to lower the allotment to 4000 gallons.

Finance Director Wernikowski stated that there is also a slight increase in the water at seven cents per gallon. Instead of a \$1.19, you would be paying \$1.26 for every thousand gallons over the 4000 gallons used.

Mayor Nelson asked would we know our income when we have the exact mill levy number. I would like to know exactly what the income number is for revenue. I want to know what the exact deficit is. Council Member Cooper stated my opinion is I can understand raising the water rates if we are behind everybody but when you start adding in lawyer fees and those costs that should be a permanent fixture in our water rates. Acting City Manager Clark stated that the lawyer fees are not figured into this. Finance Director Wernikowski stated this rate will bring in about \$250,000 which is what we lost, not this year, but the prior year. Council Member Cooper asked if the \$140,000 was for lawyer costs. Finance Director Wernikowski stated that yes we spent about \$146,000 for lawyer costs for the year ending June 30, 2013. On June 30, 2012, before we had all those lawyer costs we were losing \$250,000. This puts us to a point where we are at least breaking even.

Council Member Cooper stated that he did not understand the \$250,000 loss out of operating. I do not know how I would have not caught that last year, or the year before.

Council Members Koentopp and Youngberg stated Mr. Menicucci had talked about increasing the water and sewer rates several times.

Acting City Manager Clark stated that former City Manager Menicucci had talked about it for three years. I found it in the minutes. There have been some reserves used to offset some things too. Former City Manager Menicucci had a capital improvement fund that was not actually a capital improvement.

Council Member Cooper stated that Mr. Menicucci started reserves when he came here.

Acting City Manager Clark stated that is the point, you have a capital improvement, which those reserves were being used for and you build that up we have used that up.

Council Member Cooper stated we put things like the school and all the lift stations and that was unexpected. Those are costs that we put in this last year is part of the deficit.

Acting City Manager Clark stated that will be part of it eventually, but that was not what caused the problem. Mayor Nelson stated we were collecting less money in water and sewer than what we paid for expenses that is why we had the \$250,000 deficit before all the lawyer fees. We have had this problem before.

Acting City Manager Clark stated that over the years, the reserves have dwindled down and we have to do something with it now.

Finance Director Wernikowski stated that we have to make sure the City is compliant with our loan covenants. It is very important that we keep our water rates where they need to be. When we sat down and talked about this with the consultants and their answer was that you have to increase these rates.

Acting City Manager Clark stated the poor economy caused part of the problem. The economy is recovering, but we were trying to get through until there is an increase in revenue. We are seeing growth like the new hotel. The Planning Department has made a good recovery, because that is money paid up front. The City is coming around. I think that there will be a lot of good recovery after this year, but we are at the tail end of all that right now. I do not see any other way that we are going to pull sewer and water out of it unless we do this.

Finance Director Wernikowski stated we need those reserves just in case there is a bad water test and the City has to chlorinate.

Acting City Manager Clark stated that Public Works did a good job on the test wells we have to drill out here, redesigning them with DEQ and discussing with DEQ what requirements needed met.

Finance Director Wernikowski stated that Public Works Director Klotz brought down the costs from \$90,000 to about \$25,000; everyone has been working on cutting expenditures.

Council Member Criner asked if we could get that same 6,000 thousand gallons comparison to Four Corners, Bozeman, and River Rock.

Acting City Manager Clark stated River Rock has their own, Landmark and all of them get water from River Rock.

Council Member Criner stated it is the nearest general area.

Finance Director Wernikowski stated I can definitely do get that information also want Four Corners, River Rock, and Bozeman.

Acting City Manager Clark stated that this year is going to be tight. We talked to the department heads and told them not to come in with wild dreams about what you want. We are just not going to have the funds to spend. I think that we truly are right at that last year of recession and the economy is improving. We are at the point where we have to do something to start moving ahead. Finance Director Wernikowski and I have spent hours going over the books.

Finance Director Wernikowski stated that raising the rates is not a popular thing, but I think that it is time. One of the things we need to encourage all of our department heads to do is look for grants and write for grant applications. Library Director Gale Bacon has been doing a lot of grant writing. She brought in \$15,000 more than she expected last year. Those grants really help us. Acting City Manager Clark brought in a grant for the generator this year.

Finance Director Wernikowski said we need to look at different ways to bring in more revenue, and further cut expenses. We could increase our business license fees maybe not all of them, but maybe the wine and beer licenses. By raising that up from \$100 to \$200 you could bring in \$4,300 dollars. All of that adds up in the general fund. We may need to look at what we are doing with employee benefits; we are spending about \$360,000 on health benefits. Many of the other communities that we are looking at were only funding toward the high deductible plan. Livingston for example, pays only about \$655 toward their health benefits where we are at \$800 for health benefits. One hundred and fifty dollars multiplied by 12 multiplied by 40 employees is about \$50,000 or \$60,000 dollars. Those things are painful, but those are all things that we have been looking at.

Acting City Manager Clark stated that truthfully many changes would have to wait until the new City Manager is hired.

Mayor Nelson asked Finance Director Wernikowski if there is anything else to point out to us before we move forward. Mayor Nelson asked when a firm number would be available.

Finance Director Wernikowski stated we could definitely have it after next meeting. We have the numbers that came in this afternoon from the county so we could plug though those over the next few days.

Mayor Nelson stated that might be a good idea to have a second meeting.

Council Member Cooper stated that there is a need to have another meeting. I think that your budget is going to depend on your water rates, so we should probably decide what we should do with that.

Mayor Nelson stated someone should present while we decide on the Acting City Manager stipend. We met with Acting City Manager Clark and decided what we were going to give him as stipend for being interim manager right now \$950 per month.

Council Member Cooper stated that the stipend is fair. This something this council should vote on so that is part of the budget and we all agree with that. He gets \$950 stipend per month for being Acting City Manager.

Council Member Koentopp asked if the council needed to vote.

Mayor Nelson stated that it should be voted on with the budget.

Council Member Cooper stated is should be voted on now so that it could be put into this budget.

Finance Director Wernikowski stated that it had been estimated in the budget.

Council Member Cooper stated that every year, before the budget, always before the budget, the Council had voted on the City Manager salary.

Council Member Koentopp stated that it is not on the agenda.

Council Member Cooper stated that it did not have to be on the agenda. We did an evaluation and had it set up for the meeting.

City Attorney Ramler stated that it should be on the agenda.

Mayor Nelson asked how Acting City Manager Clark was being compensated for the additional duties in the past as Acting City Manager.

Acting City Manager Clark stated that re received s comp time and overtime.

Mayor Nelson asked if there would be a reduction of overtime with the stipend.

Acting City Manager Clark stated there would be no more overtime.

Mayor Nelson asked with a stipend instead of overtime, does the overtime go away?

Acting City Manager Clark responded the overtime would be gone.

Finance Director Wernikowski stated that there would be no overtime.

Acting City Manager Clark stated that department heads across the board would not be getting overtime anymore and that they would be exempt employees. The stipend for the Acting City Manager duties would just go into a mutual fund account and would not be taken as pay.

Council Member Criner stated we are talking about two different things here. We are talking about for him for six months until we get another city manager, but you are also talking about department heads.

Council Member Cooper stated this should be presented in the budget when we decide to do this.

Mayor Nelson asked if the change in no overtime for department heads is in the budget.

Council Member Cooper stated that they should have presented stipend before we presented the budget so that was part of the budget.

Acting City Manager Clark explained to the Council what he was going to do with the employees and stated it should have been included.

Mayor Nelson stated that he wanted to see the numbers. I want to see what the base salary is, and what overtime has been for department heads and what the recommended salary is without the overtime. It is a significant change from how the City has operated before and I need to see the impact on the budget.

Council Member Cooper stated that the Council could decide how they feel about it. I think that it is a good move. We met with Council Member Youngberg and decided that it needed to be presented to the Council.

Mayor Nelson stated he would like to see the compensation broken down so we have those base numbers and overtime numbers and we can see how the proposed salary compares. Is it 100% of what the overtime is or a percentage of it.

Mayor Nelson stated what I started, before we had a break, was to talk about what private industries do in dismal times. In difficult financial times retirement was cut in half. People who were working forty hours now were working 34, 35 or 36 hours. Hours were reduced on hourly employees. There were no raises. Health insurance did go up. I am saying that benefits did and do effect private business. It is tough whether it is a private business, or a municipality. I think that when there are tough times whatever that number is, how big that nut is, there are things that can be done to fix the nut, so we are not in financial trouble when we are audited and blasted by the auditors and then the regulatory body. We just have to make sure we are good with our numbers whatever they are. I am not recommending that we do any of that, but Finance Director Wernikowski has alluded to areas that could be looked at. Some cuts are more painful than others are and I know that those happen to private business. When there are problems then I think that Councils like this have to make tough decisions.

Council Member Cooper stated that he would like the employee raise to be 2% if there is room in the budget.

Finance Director Wernikowski stated that she tried it at 3%, at 2%, and left it at 1% so employees could break even.

Council Member Cooper stated that they are not breaking even at 1%. I would like to know what it would take to break even.

Finance Director Wernikowski stated that the consumer price index is 2.1%.

Council Member Youngberg stated that does not account for the 1% increase in the cost in PERS and that does not account for the 2% increase in the cost of health insurance.

Acting City Manager Clark stated that the health insurance costs increased 2.5%.

Council Member Koentopp asked if most of the employees have a step increase.

Council Member Cooper stated that no, they do not.

Acting City Manager Clark stated that the police and public works actually have some things figured in; there is not a step every year. Step increases happen at 3-5 years and 6-10 years of service.

Council Member Koentopp asked when that went up.

Council Member Cooper stated that step increases went away four or five years ago.

Administrative Secretary Michelle Clark stated that she had only received two raises in her time with the City.

Acting City Manager Clark stated that the actual step raises themselves disappeared before we moved into this building.

Council Member Cooper stated that no it was after we moved in here.

Acting City Manager Clark stated that longevity came in back in the early-mid 90s. Employees receive longevity after six years. That was because it was a six-year pay matrix.

Council Member Koentopp stated that she had worked out a matrix for the library and it was in place all the years she was on the library board. It must have been eight or ten years.

Acting City Manager Clark stated that public works re-did their matrix, last year.

Council Member Koentopp stated so they have one, and the police have one, but no one else has one.

Council Member Cooper stated that nobody else does.

Finance Director Wernikowski stated that this year the library looked at what they were paying for salary, because they also had a large turn over. We looked at salaries and made changes to keep up with the Bozeman market. We are still below that but giving some people a little bump and other people are at a lower rate.

Acting City Manager Clark stated that there were some minor adjustments made with the clerical staff to rectify some salary differential in the clerical staff.

Mayor Nelson asked if it would it be reasonable to meet and have further discussion on this next Monday.

Council Member Youngberg stated yes.

Mayor Nelson stated I think that we need to.

Council Member Koentopp asked if there any major expenditures.

Acting City Manager Clark stated we did leave some money in the streets about \$150,000 is left. We are doing the force-main project. It is part of the school project.

Council Member Koentopp asked if there any major pieces of equipment needed.

Acting City Manager Clark stated that Public Works wanted a dump truck but that was cut from the budget. Public Works asked for security gates at the water tower, which Homeland Security wants us to have. We are trying to get that through a grant instead of the budget.

Mayor Nelson asked what time they should meet on Monday August 12, 2013.

Council Member Criner replied that he would attend Monday.

Council Member Retterath stated that he would attend Monday.

Council Member Koentopp asked if the mill levy numbers would change the revenue and expenditures in the budget.

Finance Director Wernikowski stated yes.

Council Member Youngberg stated we are spending more than we are getting and we are reducing our cash available. How did the Volunteer Fire Department go about bringing in so much money?

Finance Director Wernikowski stated that is showing the income from the loan proceeds of \$330,000 for the fire truck.

Council Member Cooper stated there is \$5,000 in overtime, when there was never overtime before. Why would that be in there?

Acting City Manager Clark stated that last year former City Manager Menicucci asked for that to be in the training budget.

Council Member Cooper asked did you take it out of somewhere else then.

Acting City Manager Clark stated no.

City Council Member Cooper asked so it is there just in case they need it.

Acting City Manager Clark stated yes.

Council Member Cooper asked if they still have overtime in their regular duties.

Acting City Manager Clark stated that when we send someone out of town for training it ends up being overtime. We try not to use it.

Mayor Nelson asked if there is anything the Council Members would like itemized.

Council Member Koentopp asked if the next meeting is still a preliminary budget or if a date for public hearing be set.

Council Member Cooper stated he was not ready to adopt the preliminary budget.

Mayor Nelson stated he was not ready to adopt a preliminary budget.

Council Member Cooper asked if the City could get past the end of August to do our final budget.

Finance Director Wernikowski stated that it is forty-five days from the date of receipt of the Certified Taxable Valuation Report to adopt a budget.

Council Member Cooper stated that is fine to use the forty-five days.

Finance Director Wernikowski stated that the City has forty-five days from the date we receive the mill levy numbers according to state law.

Council Member Youngberg motioned to Schedule a Special Council Meeting for August 12, 2013 at 7:00 PM. Council Member Retterath seconded the motion.

Mayor Nelson asked if the Council could approve the budget at the special meeting on the August 12, 2013.

Council Member Cooper stated that the Acting City Manager stipend needed to be on the agenda.

Mayor Nelson asked if the updated numbers would be available by Friday. Acting City Manager Clark stated yes.

Mayor Nelson asked if there is anything else we need to ask of the staff other than the new budget numbers.

Council Member Cooper stated he would like to see a breakdown of the water costs, the lawyer costs, the water costs, and the lift station costs.

Council Member Youngberg asked about fund 4500 City Hall land acquisition construction. There is \$30.00 cash available. We have no money in and no money out could we close that account.

Finance Director Wernikowski stated that she would find out how to close account 4500. We paid off SID 75 this year and four SID's including 73, 76, can all be closed out.

Council Member Koentopp asked about raising the street maintenance fees. It started at \$35.00 ten years ago and never increased.

Acting City Manager Clark stated those were ideas for the Council to look at revenue that can be changed and dealt with down the road.

Council Member Cooper stated that is something that the new City Manager can work with.

Finance Director Wernikowski stated we just wanted to bring it up for you to think about in the future. We wanted to make sure that you thought about that.

Council Member Retterath stated he thought that was done. I remember former City Manager Menicucci saying we were going to raise it to \$50.00 and that was it.

Council Member Koentopp stated that the Council never voted on that.

Finance Director Wernikowski stated that former City Manager Menicucci had made a suggestion of raising it to \$45.00 or \$50.00, at a few meetings but never actually brought it to fruition. It is an area where we do have road maintenance and there are real primary costs, the asphalt and road maintenance.

Council Member Youngberg asked we have \$138,000 under street maintenance in accounts receivable, is that unpaid.

Finance Director Wernikowski stated that was when we charged the school for doing street work and the school paid on July 1, 2013.

Acting City Manager Clark explained that the City paid for the work that was done and the school reimbursed the City. You will see some of the same thing on this forced-main project.

Mayor Nelson stated that the Council would meet again on Monday August 12, 2013 at 7:00 PM at City Hall.

BOARD REAPPOINTMENT TO THE STREAMLINE ADVISORY BOARD, PATTY GUNDERSON – TERM TO EXPIRE JULY 25, 2016 – Mayor Nelson stated Streamline is looking to extend Patty Gunderson’s term to July 25, 2016. Acting members of our community are involved in this and the Mayor recommends reappointment.

Council Member Cooper motioned to Reappoint Patty Gunderson to the Streamline Advisory Board. Council Member Gee seconded the motion. All voted aye, motion carried unanimously

CONSENT AGENDA

APPROVE ADDITIONAL WARRANTS PAYABLE JUNE 2013 – Council Member Cooper motioned to approve the additional warrants payable for June 2013. Council Member Retterath seconded the motion. All voted aye, motion carried unanimously

APPROVE PAYROLL FOR JULY 2013 – Council Member Criner motioned to approve the payroll for July 2013. Council Member Gee seconded the motion. All voted aye, motion carried unanimously

APPROVE PLEDGED SECURITIES FOR VALLEY BANK OF BELGRADE QUARTER ENDING JUNE 30, 2013 – Council Member Cooper motioned to approve pledged securities for Valley Bank of Belgrade Quarter Ending June 30, 2013. Council Member Koentopp seconded the motion. All voted aye, motion carried unanimously

FOR YOUR INFORMATION

Mayor Nelson stated today is Michelle Clark’s last council meeting. She is taking a new position with LaMotte School. The Council wishes her well in her new endeavors and we certainly will miss her at the City.

Council Member Cooper had nothing to report.

Council Member Koentopp had nothing to report

Council Member Retterath had nothing to report

Council Member Gee reported that there is a request from the Belgrade Chamber about using the park for the Fall Festival.

Council Member Criner had nothing to report

Council Member Youngberg had nothing to report

Mayor Nelson reported for you those of you who may or may not know the Belgrade Bandits American League Baseball Team was in the State Championship today and they lost to Laurel in the seventh.

ADJOURN

Council Member Gee moved to adjourn the meeting.
Meeting adjourned at 10:00 PM

Russell C. Nelson, Mayor

Christina Crow
Administrative Secretary