

July 22, 2008

The Red Lodge City Council met in regular session on July 22, 2008 at 7:00 p.m. The meeting was called to order by Mayor Scanlin followed by the Pledge of Allegiance to the Flag.

ROLL CALL OF OFFICERS Present: Mayor Scanlin, Aldermen Kampfe, Mahan, Lockman, Labrie, Kennicott and Priest. Absent: None.

MINUTES OF JUNE 10 Motion by Mahan, second by Lockman to approve the minutes of June 10 as corrected. On roll call vote all Aldermen present voted "Aye." Motion carried.

Mayor Scanlin asked for clarification under Union Contract to read "The City **Labor Management Committee** has agreed to **recommend** to clarify that the period in which sick leave is used is included in time worked, during which benefits will accrue."

Kennicott recommended a change under Land Use and Planning – Use of City Property – Beartooth Rally – Leo Wilson. She is addressing the paragraph that speaks to the issue of last year's minutes addressing the concept of a lease agreement. She asked to correct the first sentence in the second paragraph to read "Kennicott mentioned that the minutes of June 12, 2007, stated that "City Attorney, Sam Painter, recommended the City enter into a lease agreement for this use of property by the suggestion of MMIA."

CLAIMS AGAINST THE CITY – Water Rehab Project Motion by Kampfe, second by Mahan to approve \$1,123,527.21 in claims against the City. On roll call vote all Aldermen present voted "Aye". Motion carried.

Kampfe said that two claims were presented to the City on the 2007 Water Rehab Project. The claims were from Century Company for \$625,209 and Williams Plumbing and Heating for \$496,911 and the gross receipt tax was paid for each company to the State. Kampfe said a lot of work has been done and progress is going very well on the project.

SPECIAL COMMITTEE None

STANDING COMMITTEES – Administration – Resolution N0. 3260 – Preliminary Budget FY 08-09

RESOLUTION NO. 3260

A RESOLUTION OF THE CITY OF RED LODGE, MONTANA APPROVING AND ADOPTING THE PRELIMINARY BUDGET FOR FISCAL YEAR 2008-2009, AS PROPOSED BY THE RED LODGE CITY COUNCIL ON JULY 8, 2008.

WHEREAS, the Carbon County Assessor reported that the taxable valuation of the City of Red Lodge for Fiscal Year 2007-2008 is \$5,199,850, and

WHEREAS, the City Council adopted the Preliminary Budget for Fiscal Year 2008-2009 and there were no protests to the adoption of the Preliminary Budget at a public hearing held on July 8, 2008, at 6:30 p.m.

NOW THEREFORE, BE IT RESOLVED that the following Preliminary Budget for Fiscal Year 2008-2009 is hereby adopted knowing changes will be made when the City receives the taxable valuation for the Fiscal Year 2008-2009 from the Carbon County Assessor and the total mill levy set at 157.23 until it is known what the taxable valuation will be.

Fund Name	Total Requirement	Non-Tax Resources	Property Tax Revenue	Mills
1000 General	2,368,545	1,864,420	504,125	96.95

2190 Comp. Ins.	97,547	41,909	55,638	10.70
2370 Fire Retire	36,005	12,086	23,919	4.60
2371 Health Ins.	186,595	30,600	155,995	30.00
2372 PERS	55,023	33,600	21,423	4.12
2375 Police Retire	51,271	26,000	25,271	4.86
3020 Fire Truck Levy	31,495	296	31,199	6.00
2100 Resort Tax	1,268,346	1,267,246		
2220 Library	107,542	107,361		
2396 CDBG/HOME	58,086	57,983		
2500 RSID#8		1,908	1,908		
2820 Gas Tax	124,363	124,363		
2956 ISTEPA	2,002	2,002		
4030 Capt. Proj.	961,163	511,163		
5210 Water Opert.	6,145,365	6,154,760		
5310 Sewer Opert.	1,745,033	1,745,033		
5410 Solid Waste	399,199	399,199		
7010 Ceme. Trust	101,851	101,851		
7050 Dance Pavillion	1,014	1,014		

Total 13,742,353 12,924,783 817,570 157.23

Motion by Mahan, second by Lockman to approve Resolution No. 3260. On roll call vote all those in favor: Aldermen Kampfe, Mahan, Lockman, Labrie and Kennicott. Those opposed: Alderman Priest. Motion carried.

Kampfe said the Admin Committee discussed the budget and feel they want to approve the preliminary budget but would like to limit higher spending by department heads without Council permission until the line items are addressed especially in the expenditure accounts. Priest talked specifically in regard to a shop being built and concrete being poured for the foundation before it is discussed by the Council to see if they agree with the shop being built or the location of it. This is the type of larger expenses that would need to be limited until a final budget is adopted.

Motion by Kampfe, second by Priest that no new contracts or expenditures over \$10,000 be incurred until the final budget is approved by Council. On roll call vote all Aldermen present voted "Aye." Motion carried.

The Council will meet for a work session at 6:30 p.m. on August 12, 2008, before the next Council meeting.

Resolution No. 3261 – Budget Transfers Fiscal Year 07-08

RESOLUTION NO. 3261

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RED LODGE, MONTANA AUTHORIZING FISCAL YEAR 2007-2008 BUDGET TRANSFERS.

Be It Resolved that the following Fiscal Year 2007-2008 Budget Transfers are hereby authorized:

Fund No.	Account No.	Description	Transfer
TRANSFER TO:			
1000	410100-100	Council-Salary	120.00
1000	410360-100	Court-Salary	4254.00
1000	410500-200	Clerk-Supplies	651.00
1000	410600-300	Election-Purchased Service	437.00
1000	411040-200	Planning-Supply	827.00
1000	411100-352	Attorney	3158.00
1000	420100-200	Police-Supply	11451 .00

1000	420100-900	Police-C.O.	35513.00
1000	420400-900	Fire-C.O.	5107.00
1000	420700-100	Ambulance-Salary	7002.00
1000	420700-300	Ambulance-Purchase Service	5547.00
1000	430263-341	Street Lights	3092.00
1000	460100-900	Library-C.O.	250.00
1000	460400-200	Parks-Supply	906.00

TRANSFER FROM:

1000	410100-300	Council-Purchased Service	120.00
1000	410360-200	Court-Supply	177.00
1000	410360-300	Court-Purchased Service	1216.00
1000	410500-100	Clerk-Salary	88.00
1000	410500-200	Clerk-Supply	326.00
1000	410500-300	Clerk-Purchased Service	99.00
1000	410600-200	Election-Supply	18.00
1000	411040-300	Planning-Purchased Service	827.00
1000	420100-100	Police-Salary	3528.00
1000	420100-300	Police-Purchased Service	1126.00
1000	420400-100	Fire-Salary	4853.00
1000	420400-200	Fire-Supply	254.00
1000	420700-900	Ambulance-Capital Outlay	12549.00
1000	430200-200	Street-Supply	3092.00
1000	460100-300	Library-Purchased Service	250.00
1000	460400-300	Parks-Purchased Service	906.00
1000	411500-300	Estate Administration	48886.00

TRANSFER TO:

5210	521000-826	Water-Trans. To PERS	327.00
------	------------	----------------------	--------

TRANSFER FROM:

5210	430510-200	Water-Supply	327.00
------	------------	--------------	--------

TRANSFER TO:

5310	430600-100	Sewer-Salary	6154.00
5310	521000-826	Sewer-Trans to PERS	206.00

TRANSFER FROM:

5310	430600-200	Sewer-Supply	6360.00
------	------------	--------------	---------

Motion by Kampfe, second by Mahan to approve Resolution No. 3261. On roll call vote all Aldermen present voted "Aye." Motion carried.

Large Event Committee Priest said the committee had a chance to visit with Sam Painter regarding the large event ordinance. Priest said they talked about an exhibition-driving ordinance and were able to clarify the language to include excessive noise. This ordinance is now with Sam Painter and hopefully will come back ready to adopt. They agreed that changes need to be made to the ordinance regarding use of City property. Painter's major issue was the fee schedule and apparently using the term "rental" changes the ability to assess fees. In the original draft the term fees was used and if this is done the City has to have a reasonable nexus between fees charged and use of things and apparently this is not the case if it is a rental. Painter is researching this and will come back to the committee with a recommendation on City owned property. Painter is also looking further into where transient merchants can set up. Painter said he would give the committee something that captures what transient means. Mayor Scanlin said the

proposal she felt would be the easiest to adopt was the labeling requirement for air pollution control and adopting the standards of the federal codes. Painter had no issues with this consideration. He is going to review the federal codes to get a good grasp of the laws.

Mayor Scanlin said she felt the Beartooth Rally went smoothly. She felt the larger presence of law enforcement helped. She also said the promoters did a fine job with helping to control the noise level.

Selection of Salary Survey Consultant There were five responses to this RFP. The range in costs for this survey to be done was from \$1500 to \$18,500. The committee looked at what would be needed to reach decisions with the union and non-union personnel. They reviewed the five responses to see which would be most helpful in this regard. They determined that the least expensive proposal would give the City what they feel is necessary. The recommended proposal was received from Ken Weaver for a cost of \$1500. Kampfe said in Weavers proposal he would look internally at what employees are currently being paid and work on a pay matrix to put the employees in this pay matrix. The committee felt this is what is needed to move forward to make determinations with the union and non-union employees. The Administration Committee is recommending to the Council to accept the proposal submitted by Ken Weaver.

Motion by Kampfe, second by Kennicott to accept Ken Weavers Salary Survey proposal. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Lockman said she would like to see a comparison done with other communities. She was told that doing a formal comparison was not a part of Weaver’s scope of what would be done. Initially this was part of the RFP but the committee is stating that this is not a part of the proposal they are recommending be accepted.

Police and Emergency Services None

Land Use and Planning – Resolution No. 3259 – Adopt 2008 Growth Policy

RESOLUTION NO. 3259
RED LODGE CITY COUNCIL

A Resolution by the City Council of the City of Red Lodge to adopt the 2008 Red Lodge Growth Policy.

Mayor Scanlin was absent during the last meeting and she has some items she would like to discuss regarding the Growth Policy before it is formally adopted. Sanderson suggested he give the Council a copy of the policy with the additions and corrections previously made and then add the changes the Mayor would like to see incorporated.

Motion by Mahan, second by Kampfe to approve the changes that have been made to date and change those from blue to black and provide another draft with the Mayor’s changes in red. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Spires at Red Lodge – Amend Subdivision Improvement Agreement – Consider Warranty Bond for Improvements Sanderson said the Spires is closing in on the completion of all the required public improvements that are currently covered by a cash bond that the City holds totaling roughly \$509,000. He said when the frontage is complete the City rolls over from construction to a warranty period. The Spires has asked that the City convert the cash bond to a warranty bond that is essentially an insurance policy that the City is completely indemnified against any defect in materials and workmanship. This has gone to the City Attorney for review and has been approved. Sanderson said that what the language says

in section 11 and will be an amendment to the SIA is “A warranty bond is an acceptable surety to the City of Red Lodge.” The balance of the language is how the warranty bond is made operational so the City can collect upon the insurance policy if there is a defect that is not corrected by the contractor or the developer. The City could then take the 10% bond, which is approximately \$300,000 and repair the material or workmanship defects assuming that all other contingencies fail.

Sanderson said staff recommends approval with one minor change. In section XI. A. the last sentence should read, “The Subdivider shall have **30** days from the date notice is given to make such repairs or replacement of improvements.”

Motion by Mahan, second by Kampfe the adoption of Staff Report #FP-Spires-Bond-08-01 as findings of fact and that the Subdivision Improvements Agreement for the Spires at Red Lodge is amended to include the provisions for the acceptance and administration of a warranty bond. Provided that the developer record said amendment with the Carbon County Clerk and Recorder after it has been executed by the Developer and the Mayor of the City of Red Lodge. The one correction is item 11A. “The Subdivider shall have 30 days from the date notice is given to make such repairs or replacement of improvements.” On roll call vote all Aldermen present voted “Aye.” Motion carried.

Status of BOA Mayor Scanlin reported that Jim Moore has resigned from the Board of Adjustments. She said the BOA has chosen Herb Noyes to be the Chairperson. Sanderson said there are currently four vacancies on this board. He said these openings have been advertised and no one has come forward indicating they would like to serve on this board. Sanderson said the reason there are so many openings is because two of the current members no longer reside in Red Lodge and that is one of the requirements of serving on the Board of Adjustments. Sanderson told the Council that he suggests they once again contemplate the dissolution of the board and have the City Council fill this role.

Mayor Scanlin said the board is a steam valve if there is legitimate reason why parties cannot develop according to code. The Board of Adjustments is where these hardships are brought for any unusual requests.

Change in Committee Chairmanships Mahan told the Council that she will be taking over the Chair position of Land Use and Planning and Priest will take the Chair position of Public Works.

Public Works – Solid Waste Rates Sanderson reported that with the new solid waste contract the City now needs to examine the rate structure and adopt a resolution to pay for the collection of solid waste with the City. These proposed rates will be for residential users only. Sanderson said the known facts regarding solid waste collection are: 1) the number of 32 gallon containers is 200, 2) the number of 96 gallon containers is 1047, 3) the contract price for service FY 09 will be \$272,344.80, and 4) the difference in price between a 96 and 32 gallon can is \$48.00 for initial acquisition.

Sanderson said option #1 is a flat rate for solid waste service. The flat rate for FY 09 is \$18.20 per month no matter what size container the resident is using. The advantage of this option is that it is easy to administer and report for tax purposes. One of the disadvantages is that it provides a negative incentive to the users of the small cans. Many of the users of the small cans are our most proactive recyclers or homes with single or two-person occupancy. The users of the small can would be subsidizing the large cans by approximately \$1.93 per month.

Under Option #2 the rates would be based upon cost of a new can and assumed volume of solid wasteland filled. Savings on can rent would be \$48 for 60 months which equals \$.80 per 32 gallon can. The savings

on volume at the landfill would be 1,733 pounds per year or \$.82 per 32-gallon can. The proposed resultant rates would be: \$16.58 per month for a 32-gallon can and \$18.51 per month for a 96-gallon can. The advantage would be the users are paying their share for the can and volume of solid waste at the landfill. The disadvantage would be the increased administrative costs and reports for tax purposes.

Option #3 provides a subsidy to the users of the 32-gallon containers. It is based upon the premise that these are the users that recycle and place even less volume in the landfill than what is described in option #2. The proposed rates would be \$14.75 per month for a 32-gallon container and \$18.86 per month for a 96-gallon container. The advantage is this structure would encourage users to move to the smaller containers at the end of this contract and could result in even higher rates of recycling in the City. The disadvantage is the users of large containers would be subsidizing the users of small containers in the amount of \$1.83 per month.

Per the Solid Waste preliminary budget there is a net deficiency between expenditures and revenues. The only equitable way to amortize this expense is for every user to pay the same rate. The figure of \$2.08 per user, per month, must be added to the selected base rate for the collection and disposal of solid waste.

This will come to the Council for a decision at the next Council meeting. These rates need to be given to the County so the rates can go on the next property tax notice.

Change Order 1 – Schedule 1 and Change Order 1 – Schedule 3 Change Order 1, Schedule 1 is an increase of \$12,025. The change order request is the realignment of a 30-inch casing on Highway 212 and Meeteese Trail. Another change is the insulation and back fill slurry at the Mormon Church sewer crossing and also the replacement of 24-inch CMP at Highway 212 and White Ave. due to condition of existing culvert at the 16-inch water crossing.

Change Order 1, Schedule 3 is an increase of \$16,848. The description of this change is in the existing 12-inch dewatering piping that was called out to be abandoned per plans. The dewatering pipe was found to be handling water during seasonal high water flows in the West Fork of Rock Creek. Piping needed to be rerouted to maintain high water periods of drainage. Staff recommends the approval of both change orders.

Motion by Mahan, second by Lockman to approve change order 1- schedule 1 and change order 1 - schedule 3 as presented. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Update of 2007 Waterline Rehabilitation Project Andy Mattie reported to the Council that the project is progressing very well. The project is on schedule time wise. COP Construction will be pouring the lid on the tank at the treatment plan on August 11. It will take about 21 hours to fill the tank. Mattie showed a chunk of lead line that was removed and replaced.

Mattie said there are areas where more than one house is connected to the same service line. Boyer has been notifying these homeowners that a separate line will need to be brought to each separate home. Who incurs the cost of these service lines will need to be discussed by the committee and Council.

Utility Billing – ACH Bank Drafting and Web Bill Payment Water Clerk, Janie Michelcic, has taken a survey of customers regarding their desires of the City being able to have ACH Bank Drafting and Web Bill Payment. She has had a large number of customers indicate they would like to have these methods of billing paying available to them. The ACH Bank Drafting allows billed amounts to be collected electronically from each customer’s bank account. Immediately after the billing process has been completed, the system generates a file that is digitally transmitted to the utility billing entity’s bank for

collection. Resulting payments are recorded, as a group, once notification has been received indicating that the bank has completed the entire collection process. Web Bill Payment allows customers to access their utility account information and electronically pay their bill on line by credit/debit card or checking/savings account. The E-mail bills can save the cost of producing and mailing utility bills by e-mailing them directly to the customer. There are charges associated with setting up these methods by Black Mountain and then there would be annual maintenance charges. These charges would be incurred by the water and sewer funds. Michelcic said she would also like to investigate the possibility of implementing budget billing. She said there would be no cost associated with budget billing.

Motion by Priest, second by Lockman to approve the implementation of ACH Bank Drafting, E-mail bills and Web Bill Payment. On roll call vote all Aldermen present voted “Aye.” Motion carried.

CITIZEN REPORT Laura Getz, Avanta Credit Union, told the Council that recently the bank accidentally tripped the alarm. She said the response by law enforcement was very swift and she thanked them for the help.

Getz told the Council of the work that EDC is doing with RC&D on their Business Expansion and Retention program. RC&D has had great success with this program in Stillwater County so they have moved it to Carbon County. Getz said at this moment there are three businesses in Red Lodge that are either going through or have gone through the consultation process with RC&D about what area they need help in. Getz is trying to get some non-profit entities involved in this process.

Getz reported that both end lots on Cooper Street are presently under construction. She said they have a buy-sell that has been signed by a potential purchaser for closing in September. This is in the works. This will leave three lots on Cooper Street. Getz said the Affordable Housing Committee is working very hard on getting these lots noticed for sale.

Mary Fitzgerald said she feels the Council should always listen to the public before any decisions are made on any agenda items. She is requesting that the City ask the Attorney General to define when the public can speak on agenda items, as she would like to have clarification on this topic.

Beth Hutchinson said she has received a lot of praise on the flower baskets. She thanked the City for participating in the cost of these baskets. She also asked the City if they have ever looked into the notion of composting and shipping options for solid waste. The Mayor said this has not been done to her knowledge but could be addressed.

OLD BUSINESS None

NEW BUSINESS – Carryover to Restricted Cash for Parks – Resort Tax Fund The Parks Board asked to have the 08-09 budgeted money that was not spent put into the Parks Restricted Cash in Resort Tax Fund. The Council agreed to do this for the Parks Board this year.

Motion by Mahan, second by Lockman to carry over \$17,283 into the restricted cash account in the Resort Tax Fund. On roll call vote all Aldermen present voted “Aye.” Motion carried.

CORRESPONDENCE None

MISCELLANEOUS Mayor Scanlin has been reviewing the ordinances regarding business licenses and resort tax bond. She would like the City to start following the ordinances and the length of time that bonds are kept by the City. A “transient merchant” will continue to have the options of applying for a

business license as a “transient merchant” for \$35 and a \$1000 bond or cash deposit, or as a “permanent merchant” with a \$500 bond or cash deposit. The bond for either type of merchant will be kept for the period required by our current ordinance, namely, for “transient merchants” “for a period of six months after the expiration of the one year period”; for “permanent merchants,” “a period of three months after the expiration of the license,” which occurs for all businesses on the following June 30. The bond or cash will be required during all times that a merchant holds a license; “renewal” is a new license that continues to require a bond or cash deposit be in place. This allows the City to continue to have security for payment of appropriate resort tax at all times and pending auditing. The Mayor said she would like auditing procedures put in place for all businesses. Also all new and renewing merchants will be informed of these procedures. The items regarding business licenses can be addressed by the committee that is working on business licenses to see if the City needs to perhaps make any changes or stay with the old ordinance. Kampfe said these issues will be addressed in the upcoming discussions. He said the committee would like to have a work plan regarding the resort tax and business licenses so everyone can be involved and give ideas.

Kennicott said there would be a third annual conference hosted by New West on Real Estate Development in the Northern Rockies that will be held October 23rd and 24th. She has information for everyone to review on this conference to see if anyone would like to attend.

Meeting adjourned at 9:15 p.m.

Mayor

ATTEST:

City Clerk