

June 9, 2009

The Red Lodge City Council met in regular session on June 9, 2009 at 7:00 p.m. The meeting was called to order by Mayor Scanlin followed by the Pledge of Allegiance to the Flag.

Due to the large attendance at the meeting it was moved to the Pollard.

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

MINUTES OF MAY 12 Motion by Mahan, second by Labrie to approve the minutes of May 12 as corrected. On roll call vote all Aldermen present voted "Aye." Motion carried.

MINUTES OF MAY 26 Motion by Mahan, second by Kennicott to approve the minutes of May 26 as corrected. On roll call vote all Aldermen present voted "Aye." Motion carried.

CLAIMS AGAINST THE CITY Motion by Kampfe, second by Priest that claims against the City totaling \$269,428.99 approved by the Auditing Committee, be paid and warrants drawn on their respective funds in payment. On roll call vote all Aldermen present voted "Aye." Motion carried.

Kampfe reported on some of the claims. Kampfe said the City functions as a flow through for the CDBG funds that are being used for Mountain Springs Villa. The claim for this project was to NeighborWorks Montana for \$116,812. CDBG will be giving the City these funds to take care of this draw. Kampfe said that spring is here as there were claims for the mowing of lawns, the fixing of streets and starting up the swimming pool.

OFFICERS REPORTS The officer reports were presented to the Council.

COMMENTS FROM PUBLIC Mayor Scanlin said this would be deferred as we go to agenda topics and the public will be allowed to speak during the conversation held on the topics.

SPECIAL COMMITTEE – Special Recognition – Climate Protection Advisory Committee

Mayor Scanlin recognized the members of the Climate Protection Advisory Committee and the hard work they have been doing. The Council previously approved the Climate Protection Agreement, which is part of a nationwide emphasis to initially save carbon footprint. This also translates into saving money.

STANDING COMMITTEE – Administration – Mountain Springs Villa – Fee Waivers

Sanderson said that NeighborWorks Montana is the owner of the property known as Mountain Springs Villa. It is a manufactured home park on the north end of town. This request has its roots back to October of 2007 when the Council committed to \$16,800 in local match on the project that can be cash, staff time, waived fees or other services from the City. To date the City has waived \$5,797.73 in local subdivision review fees. There is still at least \$1000 for the final plat approval that will be billed against this commitment of \$16, 800. The request this evening is for the City to pay the install fees of \$70 per unit (30 units) for \$2,100 and the tapping fee of \$150 per unit (30 units) for \$4,500. If the Council were to approve these waivers the remaining City commitment would be \$3,402.27. Sanderson said the City is not waiving impact fees on the project.

Motion by Kampfe, second by Mahan to approve \$16,800 in match from the City for NeighborWorks, Mountain Springs Villa, to be provided as follows: subdivision application fee, \$6,797.73; install fees: \$70 per unit, 30 units for \$2,100; tapping fees: \$150 per unit, 30 units for \$4,500 with a remaining

match to be contributed, \$3,402.27 to be determined. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Mayor Scanlin said that Mountain Springs Villa has 27 pre-existing homes that no new impact fee will be paid on since they were previously hooked to the City system. There will be 30 homes going into the project so three units will need to pay the impact fees for water and sewer.

Tammy Hoth, Don Coutts and Bernice Lichtner, residents of Mountain Springs Villa, thanked the City very much for the help that has been given to make this project work.

Resort Tax Audit Contract Mayor Scanlin said she feels the auditing of businesses regarding the Resort Tax collection will help the revenue stream. The audit will be done to make sure businesses are collecting properly and on the correct items. The Resort Tax Ordinance provides for compliance audits to be conducted by the City but none have ever been performed. Requests for proposals were sent to firms to do this task for the City. Proposals were received from Joseph Eve and Denning Downey to perform the Resort Tax Compliance Audits for the City. The proposal from Joseph Eve amounted to \$13,500 and the proposal from Denning Downey was for \$6,000.

Motion by Kampfe, second by Kennicott to accept the proposal from Denning Downey and Associates CPA P.C. to perform the Red Lodge Resort Tax compliance audit for FY-2010. On roll call vote all Aldermen present voted “Aye”. Motion carried.

Kampfe said the audits will be good for education and compliance purposes with the businesses. The audits will be random. Kampfe said the details have not yet been worked out with the company that is being recommended. Kennicott feels it will help with the inconsistencies among businesses. Mahan commented that some of the businesses themselves have asked for audits to be done to make sure they are correctly taxing the right items.

Ryan Sankey asked when the audits will be done. Mayor Scanlin said that three or four business from all categories will be done quarterly. Sankey asked if it would be wise to wait until the Resort Tax Review Committees presents their recommendations to the Council before the audits start. Mayor Scanlin said the audits would be conducted on the Ordinance that is currently in place. If changes are recommended then the audits will be revised.

Solar Panel Project – Wastewater Treatment Plant Ray Armstrong, DOWL HKM reviewed the economics of installing a solar panel array at the wastewater plant to offset a portion of the power charges. The lifespan of this system would be from 25 to 30 years. The cost of the proposed project would be \$422,100 with loan forgiveness from the SRF stimulus program of 52%, which comes to \$219,492. The financed cost to the City would be \$202,608. The interest rate on the financed part would range any where from 0.75% to 1.75%.

Armstrong said that financing the loan of \$202,608 for 20-years at 0.75% would result in a cumulative payment of \$218,978. With an annual power savings of \$4,766.35 the payback period will be 46 years. Using an interest rate of 1.75% the cumulative payment for the loan would be \$241,873 resulting in a payback period of 51 years. Armstrong said that even these payback periods are optimistic since no annual maintenance on the solar array is included. He said even a modest operation and maintenance cost of \$1,000 per year will increase the payback to 54 years and 64 years.

NorthWestern Energy does provide Renewable Energy grants and has indicated that up to \$50,000 may be available for this project. However, the Renewable Energy subcommittee will not meet again until October so it is not possible to confirm funding from NorthWestern Energy. If the assumption

were made that the \$50,000 grant is given to Red Lodge for this project, the loan amount would be reduced to \$152,608. Under this scenario and assuming a net savings of \$3,766.35 per year the payback periods for the 0.75% loan would be 43 years and 48 years for a 1.75%. Mayor Scanlin said that other grants are available through the Department of Environmental Quality. She said there are a lot of variables still with this project.

If the City is to utilize these stimulus funds the construction will need to begin by February 2010. The project would also need to go out for bid if done.

Several people in the audience spoke to this project stating their appreciation of the work done by the Climate Protection Committee. Beth Hutchinson asked if the solar array would generate surplus energy. She was told it would not. Rod Bastian stated that he did not see the advantage of spending \$10,950 to save \$4700 in power costs each year. He does not feel this is a good investment of tax dollars for the City. Most people stated that they believe in going "green" but not if the City goes into debt. It was stated that this project might not be the best idea at the present time. Newt Saks said there are other projects that would save energy for the City. He brought up the ideas of insulating buildings, looking at more energy efficient lighting and to look at fuel for snow removal equipment and other vehicles. He stated there are other ways to reduce energy costs. JoAnn Eder said she felt the project is a good one and that the City should go forward. She said she is looking into solar panels at her home and feels this is the route she will go. Deb Muth said the committee has done their research on this project and that it is shovel ready. The committee is prepared to do as many projects as they can by 2012 to lower the carbon footprint. She feels it would be irresponsible to turn down the funds. Elle Elliott said she recognizes that the City can set an example for the rest of the community by striving to reduce their carbon footprint with this solar panel project. She said that dealing with these issues will not be free.

Motion by Kampfe, second by Richter to approve the solar panel project with the economic stimulus funds as presented. Motion by Richter, second by Kennicott to table this motion. On roll call vote those in favor: Aldermen Richter and Kennicott. Those opposed: Aldermen Kampfe, Mahan, Labrie and Priest. Motion failed. On roll call vote on the main motion, those in favor: Alderman Richter. Those opposed: Aldermen Kampfe, Mahan, Labrie, Kennicott and Priest. Motion failed.

Kampfe said the Council approved the Mayor's Climate Protection but this does not statutorily obligate the City to do projects. However he said it is a good goal to set for the City. If it is accomplished that would be terrific. He commented that there are many ways to try to achieve this goal. He also praised the committee for identifying where the City's energy use is and coming with solutions to reduce it. Kampfe said he feels that from a business standpoint this project is not the best use of funds. Richter said the time is now and this project is the right thing for the City to do for all. She said she would be interested in seeing this idea tabled until all the costs can be brought to the table along with means of obtaining additional funds. Priest spoke to the costs in water and sewer being fixed costs that cannot be changed. He feels every penny counts and there are many projects that could be done by the City.

Mayor Scanlin said the City is still eligible for other funding to make this project cost effective. She said there is no need to throw the project out, as there are other options to consider.

Budget Amendment – Enterprise Fund Debt Reduction Mayor Scanlin said that as the budget was passed for FY 08-09 a portion was budgeted from the enterprise funds to pay down debt. The amount budgeted was about \$450,000. She said if debt reduction payments are made in water and sewer there will be little to no funds for reserve in these two funds.

Kennicott feels this money is needed to repair the infrastructure. Kampfe said that at the time the budget was adopted the debt reduction was included. He said the reason it was not paid at that time was that cash flow did not make it possible but now it could be done. He does not feel this needs to be reconsidered. Mahan has been against the additional debt reduction since it was discussed at the beginning of the budget sessions. She does not feel the City has the luxury of trying to pay down debt but should hang onto the cash that they have for other needed commitments. Priest said the City could save up to \$1.2 million in interest by the idea of debt reduction. He feels the Council needs to focus on doing projects by importance and for savings. He said the debt reduction in water was \$257,000 and in sewer it was \$240,000.

Motion by Kennicott, second by Mahan to reconsider the enterprise fund debt reduction. On roll call vote those in favor: Aldermen Mahan, Richter, Labrie and Kennicott. Those opposed: Aldermen Kampfe and Priest. Motion carried.

Budget Amendment – Enterprise Fund Debt Reduction Motion by Kennicott, second by Richter to amend the budget with no debt reduction payment. On roll call vote all those in favor: Aldermen Mahan, Richter and Kennicott. Those opposed: Aldermen Kampfe, Labrie and Priest. Mayor Scanlin broke the tie vote by voting in favor of the motion. Motion carried.

Kampfe said that from his determination of reviewing cash balances he feels the City could do the budgeted debt reduction payments and still be able to run the water and sewer departments. This is why he voted no to taking out the debt reduction and he feels the water and sewer funds are doing fine. Priest said that debt reduction would give breathing room to the enterprise funds by creating long-term savings.

Red Lodge Municipal Code Codification – Contract Deliverables Sanderson told the Council that Sam Painter has delivered a draft of the code codification. The next step will be for the City to review the work that has been done and do any editing that is necessary. After the City reviews the document Elk River will codify, make available electronically and deliver hardbound copies. Mahan said she would be willing to help review the document. It will come back to the Council after the codes are reviewed.

Amend 2008 Pay Matrix – 1% Longevity For All City Employees on an Annual Basis The Council agreed to consider the standardization of the City pay matrix for all non-union employees to the non-police union contract. Currently the union employees receive longevity on an annual basis, based on anniversary date, with non-union employees being on a two-year basis.

Motion by Kampfe, second by Mahan to authorize a retro pay for all employees that should have been granted a 1% step increase either as part of the salary matrix or on their anniversary date. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Sanderson recommended a motion that would comply with the intent of the Council to go to 1% longevity for all employees standardized. The first motion speaks to the pay being retroactive for the employees.

Motion by Kampfe, second by Mahan to standardize that the City of Red Lodge pays longevity to all employees the 1% on their anniversary date. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Ambulance Restricted Cash for Operating Expenses in FY-2010 – Change of Fee Schedule

Aaron McDowell said the current ambulance fee schedule allows for \$80 from each run to be placed in a restricted cash account for the replacement of an ambulance. It is being discussed to allow the cash

that is currently in this account to be used for operating expenses in FY-2010. This leads into the hope of establishing an ambulance district with the County. If an ambulance district is not formed the possibility exists of losing staff and not responding to ambulance calls in the county. The Council will discuss this idea further.

Resort Tax Review Committee Recommendations Ryan Sankey said the committee has nothing to recommend to the Council at this time. She did say the committee is hoping to make the ordinance clearer for the public to understand. They have addressed some issues that they feel needed to be clarified. She said that two issues will be brought to the Council at a later date. These items will be the idea of using funds for marketing and for including emergency services under capital improvements. Mary Fitzgerald said any ballot issues will need to be presented to the election official by mid August by the Council.

Emergency and Police Services – Resolution No. 3285 – Creation of Ambulance District

RESOLUTION NO. 3285
RED LODGE CITY COUNCIL

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF RED LODGE TO SPONSOR THE CREATION OF AN EMERGENCY MEDICAL SERVICE DISTRICT WITH CARBON COUNTY.

WHEREAS: Providing Emergency Medical Services have become necessary for ensuring public health and safety, and

WHEREAS: Red Lodge Fire Rescue’s volunteer and career staff currently provides reliable, high quality, and compassionate Emergency Medical Care and Transport, and

WHEREAS: The City of Red Lodge currently funds Emergency Medical Services provided to part of Carbon County, and

WHEREAS: The City of Red Lodge, Carbon County, and Red Lodge Rural Fire District #7 can jointly provide an adequate level of ambulance service and emergency medical response together more economically than either could provide alone, and

WHEREAS: MCA 7-11-1101 through 7-11-1102 allows for the creation of a Multi Jurisdictional Service District to be formed in order to provide a higher level of Ambulance service than is available through either party alone, and

WHEREAS: MCA 7-11-104 authorizes the creation of interlocal agreements between one or more public agencies, and

WHEREAS: the City Council wishes to continue to deliver high quality emergency medical response and wishes to continue the relationship between the current EMS department, the Red Lodge Fire Department and Rural Fire District # 7.

WHEREAS: the creation of an ambulance service district will ensure the continuation of an adequate ambulance response by Red Lodge Fire Rescue and will allow for adequate and standard levels of emergency medical care.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Red Lodge, Montana to adopt Resolution Number 3285, That the City of Red Lodge shall propose to Carbon County that in order to continue the provision of adequate ambulance service that the City of Red Lodge enter into an interlocal agreement with Carbon County to form a multi jurisdictional service district in accordance with Chapter 11, Part 11 of Title 7 of The MCA.

Aaron McDowell said an ambulance district can be created by signing an interlocal agreement with Carbon County. What would go before the electors is the mill levy needed to fund the district. Motion by Kennicott, second by Mahan to approve Resolution No. 3285, which creates an ambulance district by virtue of an interlocal agreement between Carbon County, Red Lodge Fire District #7 and the City of Red Lodge. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Land Use and Planning – Update on the Carbon County Growth Policy Lindsay Johnson has been following the Carbon County Growth Policy and will be keeping the Council informed on the progress of this policy.

Heritage Propane Land Sale Proposal Heritage Holdings has leased property in the Community entrance from the City since 1988. The original lease expired on September 12, 2008 and was extended by the City Council to August 12, 2009 subject to conditions. The revised lease and rents comply with the terms and conditions imposed by the Council. The City is currently in the process of considering the sale of the 22,400 square feet that has been historically leased by Heritage Holdings. A portion of the process approved by the Council was to have the property appraised, which has been completed, and then based upon the appraisal; a minimum bid will be established as the starting point for the public auction.

The options to proceed are: 1) The Council can set the minimum bid based upon the appraisal and authorize the Mayor to proceed to public oral auction. 2) The City could impose additional covenants upon the property, set the minimum bid and proceed to public oral auction. 3) The Council could decide not to proceed with the sale of the parcel.

Motion by Mahan, second by Labrie to set the minimum bid for the Heritage Propane Land Sale proposal at \$8.50 per gross square foot. This translates to a minimum bid of \$190,400. Further I move for the Mayor to proceed with a formal public oral auction of the subject property. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Priest commented that he feels there should be discussion held on what the City would do with the proceeds of this sale if it occurs. He said this discussion would influence his decision on whether the property should be sold or not. Sanderson said a discussion could be held regarding the use of the possible proceeds before accepting a bid for sale. Sanderson said the City currently has a policy for the sale of City property that can be followed. Mayor Scanlin said this discussion could be put on the next agenda

Motion by Priest, second by Labrie to place the use of land sale proceeds on the agenda for the June 23 Council meeting. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Soccer Field MOU The Red Lodge Youth Soccer League requests the City to consider allocating two or more acres of City-owned land to establish a regulation size soccer field. The League would like the Council to approve a Memorandum of Understanding to work together to locate an appropriate parcel for a soccer field. The youth soccer organization has grown substantially since 1995 and would appreciate having fields to play on that are designated soccer fields. The League could use the endorsement of the City to begin fund raising and grant writing. Mayor Scanlin said this will be referred to the Land Use Committee for further deliberation and recommendation for the Council. The search will continue to find a site that would meet the needs for this purpose. The Land Use Committee would also like to work with the Parks Board on this matter.

Public Works – Weed Management Agreement with Carbon County Mayor Scanlin said an agreement has been signed with the County.

Street Closure – Oakes Avenue North from Broadway to 8th Street – Beartooth Rally Tim Buckstead is requesting the closure of Oakes Ave. South from Broadway to 8th Street. This property is located between the Red Lodge Library and the Arts Guild on Oakes Ave. The property will be used

for vendor space for the Beartooth Rally on July 17th, 18th and 19th, 2009. Set up will start on July 16th. 8th Street will remain open.

Rod Bastian said he has concerns with congestion regarding the traffic. He said the closure will make access to his business more difficult. He said that Beartooth Market is very opposed to this street closure. Beth Hutchinson said the applicant could be asked to put up signage to direct traffic to the Beartooth Market.

Mary Fitzgerald said she is not in favor of street closures. She feels there are other places where the vendors could congregate to sell their wares. She feels it is important to take into consideration this use of City and public owned land, especially for vendors.

Deborah Kline said that Tim Buckstead has been very gracious to the Arts Guild and that the Guild is in favor of trying this closure this year to see how it works.

Mayor Scanlin asked Chief Pringle if he felt this closure would increase the need for more patrol. The Chief said that it quite likely would.

Richter feels that multiple street closures are bad for parking and the congestion.

Kennicott said she feels there is a need to have a clear outline of how to handle these requests for street closures well before they start coming to the Council in the future.

Buckstead said he could have this closure open by the afternoon of July 19th. He also said that if this closure is given he may not need the closure of 9th Street.

Motion by Kampfe, second by Labrie to approve the application of City owned property for the Beartooth Rally from noon July 16th to noon July 19th. Amendment to motion by Priest, second by Labrie to rescind the 9th Street closure as a condition of acceptance to the Oakes Ave. closure. On roll call vote those in favor: Aldermen Mahan, Richter, Labrie, Kennicott and Pries. Those opposed: Alderman Kampfe. Motion carried. On roll call vote on the main motion those in favor: Alderman Kampfe. Those opposed: Aldermen Mahan, Richter, Labrie, Kennicott and Priest. Motion failed.

Parade Permit – 4th of July Street Closure – Use of City Property Motion by Kampfe, second by Mahan to approve the parade on July 2nd, 3rd and 4th of July and the use of City property being the Civic Center parking lot area. On roll call vote all Aldermen present voted “Aye.” Motion carried.

Clarify Conditions of 12th Street Closure – Beartooth Rally Mayor Scanlin said she has received several e-mails from people that are concerned with the closure of 12th Street and Pride Park. The Garden Club has concerns with fencing that could block off the entrance to Pride Park. Greg Zieler said the park will not be fenced off. There will be an entrance to the park for the public and it will enable the public access to Babcock and Miles.

CITIZEN REPORT None

OLD BUSINESS None

NEW BUSINESS None

CORRESPONDENCE Sanderson told the Council that DNRC has awarded the City a \$5000 grant to help the City with the development of a zoning plan.

MISCELLANEOUS Mayor Scanlin said there appears to be a concern regarding communication between staff and Council. She asked the Council if they feel this is something that needs to be addressed. If so she has received a proposal from Ken Weaver to come back and interview the Mayor, Council and department heads and make a report and recommendations to the Mayor regarding communications. The Council feels this is not a necessary item to pursue. The Council said they will come directly to the Mayor if they have any issues.

Meeting adjourned at 11:05 p.m.

Mayor

ATTEST:

City Clerk