

**Stevensville Town Council Meeting Minutes for THURSDAY, APRIL 27, 2023**

**6:00 PM 206 Buck Street, Town Hall**

**CONDENSED MINUTES**

1. Call to Order and Roll Call

Mayor Gibson called the meeting to order. Councilmembers Barker, Lowell and Michalson were all present. Councilmember Brown has an excused absence.

2. Pledge of Allegiance

3. Public Comments (Public comment from citizens on items that are not on the agenda)

Craig Thomas, 4189 Ember Lane, Stevensville, MT. Airport Board Chair. Thank you, Mayor Gibson, councilmembers, and administrative staff, for working through this audit, we understand that it was quite difficult. We just wanted to express our appreciation for your efforts that you put forth on your behalf. Ms. Montana is 79 on the 4<sup>th</sup> of May and she is part of the group from the Museum of Mountain Flying. They will be having a celebration in Missoula.

4. Approval of Minutes

a. Town Council Meeting Minutes 04/13/2023

Mayor Gibson: introduced town council meeting minutes for 04/13/2023.

Councilmember Michalson: make a motion to approve town council meeting minutes of 04/13/2023.

Councilmember Lowell: 2<sup>nd</sup>.

Mayor Gibson: motion and a 2<sup>nd</sup>. Public comment? Seeing none, further discussion? Seeing none, Jenelle please take the vote.

Councilmember Barker: aye.

Councilmember Lowell: aye.

Councilmember Michalson: aye.

Mayor Gibson: passes 3-0

5. Approval of Bi-Weekly Claims

a. Claims #18312-#18330

Mayor Gibson: introduced approval of bi-weekly claims, #18312-#18330.

Councilmember Michalson: make a motion to approve of bi-weekly claims, #18312-#18330 .

Councilmember Barker: 2<sup>nd</sup>.

Mayor Gibson: motion and a 2<sup>nd</sup>. Public comment? Further discussion?

Councilmember Michalson: #18320, HDR engineering did we run out of the \$10,000 that we had allotted?

Mayor Gibson: no, we have started the process for the bids for ARPA, which they are involved in, they have done the survey and now they are doing design and then it will go to DEQ so I think that we will be able to put out the bids in August.

Councilmember Michalson: So, this is what that is for, the wording made it sound like it was capacity evaluation.

Mayor Gibson: on that, is that for the capacity of the ARPA grant?

Pam Sosa, Finance Officer: this one was for the capacity study.

Mayor Gibson: last I was told, any day now.

Councilmember Michalson: I was just wondering. I just thought that we had run out of the ten grand.

Mayor Gibson: any further discussion, seeing none, Jenelle please take the vote.

Councilmember Barker: aye.

Councilmember Lowell: aye.

Councilmember Michalson: aye.

Mayor Gibson: passes 3-0

## 6. New Business

### a. Informational: Denning, Downey & Associates Presentation of the 2020/2021 and 2021/2022 Audits

Mayor Gibson: introduced Bob Denning to present the audit for 20/21 and 21/22

Robert Denning with the CPA firm Denning, Downey CPA's: I am here to present the official audit report of FY ending June 30, 21 and June 30, 22. This report brings the city current with both state and federal guidelines. We have already issued the report to the state and the feds I just want to jump right into this, I am really pleased to say you receive our highest let me just jump to a page in the report. Page 13, 2<sup>nd</sup> paragraph. This is where I would like you to direct people when they say what was our audit about, what was the report. In our opinion the financial statement as referred to above presents fairly in all material respects, respective financial position of governmental activity, the business activities, each major fund and the aggregate fund information. I can't say anything better, the number to present to the public so, very good job. When I was here last time, 5 months ago, I presented a very aggressive plan to balance cash for almost two years to correct all of the errors in the accounting system, to catch up on your late AFR reporting and to perform this audit with the federal on time, was kind of aggressive plan. To tell the truth, even I was wondering if we could get this done, I stand before you know

with all of those things successfully completed. I am not taking credit; the tasks could never have been completed without the work of Robert and Pam. Pam's legacy is that she helped get the city back on their feet. I pushed them hard, and I pushed my staff hard, when I saw something lagging, I pushed. Everybody stepped up to the plate, Pam, Robert and my staff. This was a federal audit, page 95. Summarizes the federal awards. 1.2 million on the airport program, and then two grants on the CARES act. We audited all of those programs in compliance with federal law, congress comes up with a check list, we tested every one of those things and we found no problems.

Councilmember Michalson: I will stick right where we were at, I was at the last airport meeting and a subject came up that an audit was needed to be done, would this pass for them.

Robert Denning: the airport is a function of the town, and this grant was part of the airport fund, and that grant was for 1.2 million.

Councilmember Michalson: so, it would work.

Robert Denning: so, the way that works, the FAA will go to the federal website and look for two things, is the audit complete and is it there and did you comply.

Councilmember Barker: what findings are we going to have to fix as a town?

Robert Denning: previous audit you had 15 audit findings, this time you have 10. We will go through each of them. Mr. Denning reviewed the 10 findings with the council. These findings were laid out in the audit report.

Mayor Gibson: I think the BARSAs were an over expenditure on 3<sup>rd</sup> Street, and it was not entered.

Robert Denning: you hold a public hearing for budget amendments.

Councilmember Michalson: journal vouchers, are those a budget amendment too?

Robert Denning: journal vouchers are making corrections to the accounting system. It is not a state law.

Councilmember Michalson: backing up to the budget amendments, from 2016-part of 2019 we did them periodically, not at the end. The reason that I say that is the last one that Stacie and I saw. I don't know a lot about accounting, wouldn't it make sense to do them throughout the year instead of all at once.

Robert Denning: I would agree, you have to have the money before you can spend it. Sometimes that does not happen and I only audit at the end of the year. Revenue bonds, you have those for water and sewer. The law says that you need to keep your rates high enough to pay off at any time 110% of the next principal and interest payment coming up. My calculations shows, the sewer fund was short in 2021 and in 2022. I am not aware, is this going to be discussed in the future?

Mayor Gibson: if you look at our response, we are going to review that with rural water. Water rate analysis.

Councilmember Lowell: what do you attribute this to, overspending in the accounts?

Robert Denning: when was the last time that you increased your water and sewer rates?

Councilmember Lowell: I know that it will probably come down to it and I am just looking at it, what can we do besides raise the rates.

Robert Denning: I see this all the time, if my bill went up 3% a year, I would probably not have a problem. I know inflation and stuff like that, but if my bill did not go up for 10 years and then went up 30%, I would have a cow! I always think that we should incrementally move them up, that was the deal that you had.

Mayor Gibson: I don't think that it is as much about overspent as you stated they haven't been resided for 3 years, we are going to have a big discussion about this during the budget. I don't think that everyone realizes how much electricity we use to run these pumps. There is a proposal to raise electricity rates by 28%. We are going to have to take a strong look at this. You approve the claims, and a lot of that is the water and sewer electricity bills.

Councilmember Lowell: a lot of people are having a hard time paying their bills now, I don't know how the accounts receivable is, at one time it was at like \$50,000. So, they have that under control.

Mayor Gibson: as far as the late payments go and with Melanie here, we give them so much time, for example we have done water shut off notices. We are doing everything we can, give them 60 and 90 days.

Robert Denning: segregation of duties. Comment number 5, it is not like you have a staff of lots of people, I am required to report that you have a plan for checks and balances. Comment 6 I think that we understand the internal controls to your cash disbursements in 2021.

Mayor Gibson: we did that in January when Pam came, 2 signatures on the account, one person opens the mail, and some people don't touch money.

Robert Denning: comment number 7, the timely finding of AFR. We are back on track; the state takes this pretty seriously Senate bill 302, allowed any taxpayer if the town was late to sue the town. Number 8, the building code enforcement, I have a had time with this, we have two Montana codes that are conflicting to each other. If they take the more conservative that you can't have more than \$12,000. Two ways to fix this, you can increase your budget and that would solve the problem and you could lower your building code fees.

Mayor Gibson: there is something that is related to this in the legislature, and it is giving more leeway to this.

Robert Denning: Comment number 9 was 2021, when we levy taxes, we have a law that says if you have too much cash you can't levy taxes. Cities are allowed to levy 50% more than their budget it is your summer months that are the most, 50% doesn't cut it. I would recommend looking at your budgets and increasing it and it would not be an issue.

Councilmember Michalson: or check their bank accounts once a month just like one of your findings.

Robert Underwood: you look at it when you passed the budget amendment for 21 and those numbers would have changed that the number, we were just off a little bit.

Robert Denning: last comment is loans between funds, by the way, loans between funds I am down with, but if you loan between funds and extend it more than 12 months, I want to see terms of payments. In FY 21 you had a loan between funds and that was paid back and not an issue. In conclusion the prior audit had 15 audit findings, this audit 10 and of those 10 most of them were already corrected. Even though there is some room for improvement, everything is now correct.

Councilmember Lowell: I did not notice anything on the fire department's pension fund. I noticed that they were down to the bare bones, how does the town handle that.

Robert Underwood: that is just a pass through, the state insurance for fire and police a check comes from the state, we write a check back to the fire department relief fund.

Councilmember Lowell: as there are more retirees which I am sure that there will be, how do you up your fund for that.

Mayor Gibson: I will talk a little in the executive report, there is a lot going on in the legislature. There is a bill that is going on about an increase to PERS.

Robert Denning: did you see your liability for PERS I put it in the report. That is this town's share.

Mayor Gibson: it is connected to, and you have all different retirement funds. The state of Montana has different rates and investment options. Board of Investments base a lot on expenses.

Councilmember Lowell: after going through all of this, what is your prediction for next year and the budget. I for see it as a very tight budget year.

Robert Denning: I want to bring your attention to page 25 and 21. When I am looking at the health of the government, I look at the general fund. That tells me that you are a pretty conservative government. You are not wasting your money. I am proud of you.

Mayor Gibson: thank you and thank Tika and John.

b. Discussion/Decision: Gravel Pit Funding Source for the Stevensville Airport

Mayor Gibson: introduced new business item b. Gravel pit funding source for the Stevensville Airport. Is there someone here that would like to present this agenda item.

Craig Thomas: Airport Board Chairman, all of the data is in front of you. The gravel for the county is going to end in the next couple of years.

John Horat: Ravalli County Road and Bridge Department. Back in October we wrote a letter about the county needing a new gravel pit, memorandum of understanding. Have had a good relationship with the town in the past. Mr. Horat went over the documents provided to the

council. We are very interested in doing this with the town. I also have our road foreman with us tonight.

Mayor Gibson: thank you, this is not from me, the town attorney did review this about the bid process for market value. It is not that we don't want to not work with the county, it is not that we don't want to see revenue for the airport. I think that the council needs to look into all of this and the road department. I guess it is up to you and how you want to pursue this.

Councilmember Michalson: one of them goes back to the FAA letter where they are talking about an environmental impact study, who will pay for that, they are not cheap.

John Horat: that is something that we would take care of pay for it.

Mayor Gibson: I wish that the airport manager was here, this has been going on for some time. He was under the impression that this was going to be a different proposal. The way that this proposal was, I think that we need to sit down with the county, their attorney wants to get involved, their attorney wants to get involved and the airport manager. I think that there are too many questions, I want to make it clear, I wish that we could say yes Ravalli County.

Councilmember Michalson: what about the noise level up there, this thing gets going it is going to be pretty loud.

Nate Pelkey: I have had at least two meetings with the airport board, we address a lot of these things and the 50-year plan with the FAA, it would be our daily operations, 7:00am -5:00pm. typical workday. There would be public comment on this, we try to work with our neighbors.

Mayor Gibson: how would the council like to proceed.

Councilmember Michalson: I think that we should pursue this further, if we can get the county attorney and the town attorney together to discuss this and satisfies MCA instead of going back and forth. .

John Horat: my only request is, we are busy, we just want some sort of consensus, I am not sure how your board works, some sort of consensus that we could work something out legally and potentially that we could work on that memorandum. If it is a thumbs down and I don't want a gravel pit no way no how, then I don't want to waste time meeting with attorneys. We just want an answer.

Mayor Gibson: we want to work with you, but I can't say when this is going to happen. One of my main concerns to your proposal right now and maybe we can work something out, the last part is town code and MCA code. Up to 10 years it has to go to the voter approval for over 5 years.

John Horat: I am looking at MCA and we have done other agreements with other entities.

Mayor Gibson: I guess Mr. Michalson has made a motion to move forward. We are busy also, we don't have a finance officer after tomorrow, I can't honestly have an answer that we can get to this.

John Horat: I just want to know that you want to move forward.



Mayor Gibson: we are not saying that there will never be a gravel pit.

Councilmember Barker: you said that this would have to go through the public and you are asking for guidance now, there is still a lot of public out there that has not heard about it. I am all for making money for the airport, but it needs to come in front of the public, it puts us on the spot.

Mayor Gibson: it is somewhat unclear in the agenda item; I mean it says negotiable between the county and the airport board. that is not how it works; the town owns the airport.

Councilmember Michalson: I can't speak for other councilmembers; I think that it is a great source, I agree that the public has to know, I am for it. I would like to make a motion to have our town attorney and the county attorney get together and work out the details for the county and the town of Stevensville.

Councilmember Barker: 2<sup>nd</sup>.

Mayor Gibson: motion and a second. Public comment, seeing none, Jenelle please take the vote.

Councilmember Barker: aye.

Councilmember Lowell: aye.

Councilmember Michalson: aye.

Mayor Gibson: passes 3-0

c. Discussion/Decision: Skydive Montana Hanger Lease Proposal, Lot 5 Block 6 of the Stevensville Airport

Mayor Gibson: introduced new business item c, Skydive Montana Hanger Lease Proposal, Lot 5 Block 6 of the Stevensville Airport.

Councilmember Michalson: make a motion to approve Skydive Montana Hanger Lease Proposal, Lot 5 Block 6 of the Stevensville Airport.

Councilmember Barker: 2<sup>nd</sup>.

Mayor Gibson: motion and a 2<sup>nd</sup>. Public comment? Seeing none further discussion from the council.

Councilmember Lowell: as I reviewed the lease it stated in there that if they were to leave the airport that they would tear down their building?

Robert Underwood: that is a termination clause, we don't own the building.

Councilmember Lowell: I just thought that it was stated weird.

William Rowe: CEO Skydive Montana, that is what is in the lease proposal. Not something that we put in there.

Councilmember Barker: looking through this absolutely no specifications on square footage dollar amounts and they are all left blank.

Robert Underwood: that is the normal agreement and we have to put in the size of the building and 14 cents per square foot. They get the land and then we figure out the amount.

Jenelle Berthoud: the reason that this one is being left blank is that we are also still going through all of the past two years to see who has paid and has not paid. Square footage of that lot changes when they pick the size of hanger.

Councilmember Barker: it would be nice to at least have an estimate.

Jenelle Berthoud: that can't happen because this is an agreement.

Robert Underwood: we have to follow the guidelines; the airport board approves the lease and then it comes to us.

Councilmember Lowell: there is a Resolution that is talking about a cost at the airport, it would probably be a good idea to have a copy of resolutions that are pertaining to this so that they can be updated. I don't remember the percentage and I think that it should be updated and amended.

Mayor Gibson: how would you like to proceed with this agenda item?

Councilmember Lowell: I will make a motion to approve the Skydive Montana lease, I am sorry you already have a motion.

Mayor Gibson: we already have the motion and the second, any further discussion seeing none, Jenelle please take the vote.

Councilmember Barker: aye.

Councilmember Lowell: aye.

Councilmember Michalson: aye.

Mayor Gibson: passes 3-0

## 7. Board Reports

Councilmember Barker: Park Board Report, progress at the pool, pump is in service, concrete issues, looking at what it will cost to fix it. Also going to reach out to some of our groups to look at the repairs. Picnic tables are installed, and they have gone in and resurfaced it. Arbor Day event at Lewis and Clark Park. Talked about the Scarecrow Festival, working with MDT. October 6<sup>th</sup> and the 7<sup>th</sup>. Lighting concerns, not sure what the status is for Northwest Energy. Steve has done amazing on the Park Board, we tried to elect him and no one else wanted it so now I am the chairperson.

## 8. Town Council Comments




Councilmember Michalson: next Tuesday-Thursday Councilmember Barker and I will be attending conference.

9. Executive Report

Mayor Gibson: ARPA, Pothole Bill, if it passes, it would be pretty big for the town. Capacity study will be done soon. This energy thing, 28% more on electricity, it has not gone through yet. We are getting closer and closer to getting the police department back to town hall. I will keep you posted on these bills.

10. Adjournment

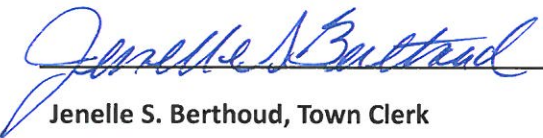
**APPROVE:**



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**Steve Gibson, Mayor**

**ATTEST:**



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**Jenelle S. Berthoud, Town Clerk**