

Stevensville Town Council Meeting Minutes

for THURSDAY, SEPTEMBER 26, 2024, 6:30 PM 206 Buck Street, Town Hall

CONDENSED MINUTES

1. Call to Order and Roll Call

Mayor Michalson called the meeting to order. Councilmembers Barker, Brown, Nelson were present. Councilmember Smith has an excused absence.

2. Pledge of Allegiance

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

Melissa Bailey: College Street, I am inquiring if you have given any more thought to the water rates and redoing that vote from the meeting of August 6th.

4. Approval of Minutes

a. Town Council Meeting Minutes 09/12/2024

Mayor Michalson: introduced approval of town council meeting minutes for 09/12/2024.

Councilmember Barker: make a motion to approve town council meeting minutes for 9/12/24.

Councilmember Nelson: 2nd.

Mayor Michalson: motion and a 2nd. Discussion from the council? Public comment? Seeing none, Jenelle please take the vote.

Councilmember Barker: aye.

Councilmember Nelson: aye.

Councilmember Brown: aye.

Mayor Michalson: motion passes 3-0

5. Approval of Bi-Weekly Claims

a. Claim #19241

Mayor Michalson: introduced approval of bi-weekly claim #19241.

Councilmember Nelson: I make a motion to approve claim #19241.

Councilmember Barker: 2nd.

Mayor Michalson: motion and a 2nd. Discussion from the council? Public comment? Seeing none, Jenelle please take the vote.

Councilmember Barker: aye.

Councilmember Nelson: aye.

Councilmember Brown: aye.

Mayor Michalson: passes 3-0.

b. Claim #19234-#19552

Mayor Michalson: introduced approval of bi-weekly claims #19234-#19552.

Councilmember Barker: make a motion to approve claims #19234-#19552.

Councilmember Brown: 2nd

Mayor Michalson: motion and a 2nd. Discussion from the council? Public comment? Seeing none, Jenelle please take the vote.

Councilmember Barker: aye.

Councilmember Nelson: aye.

Councilmember Brown: aye.

Mayor Michalson: passes 3-0

6. Guests

a. Denning, Downey & Associates, Presentation of Audit for FY 22/23

Mayor Michalson: introduced Denning, Downey & Associates and the presentation of the FY 22/23 audit.

Tika Hall: I am representing Denning, Downey & Associates and the audit for FY 22/23. I was the lead auditor on this. I am going to focus on the key findings. The first finding starting on page 59 of the report, journal vouchers were not being reviewed by the mayor or the council, we recommend that all journal vouchers should be reviewed by the council or the mayor. The second finding is with cash reconciliation, these were repeat findings, and we found that the town was not completing a monthly cash reconciliation in accounting per cash to the bank statements. Our recommendation is that the town perform a monthly bank reconciliation on all cash accounts and present to the mayor. Internal controls and credit card disbursements, this is again a repeat finding from the 2022 report. Any claims with a credit card transaction should have a receipt. We did an audit and there were not receipts for all credit card transactions. All documentation should be available to support the transactions. The next finding is a segregation of duties finding, we found that one person was responsible for receiving the payments, posting the payments and preparing

deposits and reconciling the bank statements. With this we want to see those tasks segregated to the greatest extent possible that allows for a better system of checks and balances and the proper handling of cash reporting. We do understand that the town is a small government with a limited amount but with the staff in your town we believe that this can be addressed. The fifth finding, advance between funds, there is an advance that was recorded in fiscal year 2028, this is a loan between funds, when it is a long-term loan, we like to see that there is documentation made that states the repayment of that loan and interest rate, since this loan in 2018 there has not been a payment or documentation. There are two compliance issues the first relates to the building code fund, MCA states that any charges collected should not exceed that fund to support it for the next twelve months. We found that the amount exceeded the amount. With this we recommend that the town analyze the amount they are charging for permits. The last one is your water revenue bond requirements, whenever your water and sewer bonds were passed those came with requirements that the town is required to meet when issuing that bond. Both water and sewer bonds for the town are required to keep net revenues equal or at the amount for 12 months of payments, in the water fund we found that there was a shortage of over \$22,000 and the sewer fund did meet the requirement but by a very small margin. With that it is stating that the town did not generate enough revenue to meet those requirements, whenever we see this pop up, we recommend that you review your rate structure and increase your water and sewer rates to meet those bond requirements. To focus a little on the negative the prior year there were ten findings in total and this year there were seven. A lot of this relates to timing and the staff that was here and we believe that the town is making an effort to make changes for the better and improve financial reporting.

Mayor Michalson: any questions from the council?

Councilmember Barker: so, the journal vouchers that are here, obviously we are not seeing them as a council is that correct?

Tika: that is correct, the mayor or the council should be reviewing those at least on a monthly basis and then a sign off by the mayor or council that they approve those journal vouchers.

Councilmember Brown: you said that our water revenue bond requirement we are showing a shortage, the sewer bond we just made that correct.

Tika: correct, the sewer made it by a small margin. The water bond was short by \$22,000.00 looking back at 21/22 report both the water and the sewer were in this finding and that they were short. Remember that a rate increase takes time to show an increase.

Councilmember Brown: the sewer is the same percentage?

Tika: yes, 110%.

Mayor Michalson: I would like to read the response that we gave to you on that, the response to the water revenue bond requirement, the dates are different now. "we have been working with Montana Rural Water and our USDA loan. It was done in August. The rate increase will take affect next month." I would also like to add a letter from the state after we sent our findings to them, the state approved and it and then sent an email back to Gina and said that our corrective actions looked to be good.

**Mayor Michalson asked the council to suspend council rules and move the public hearing below item d, new business.

Councilmember Brown: I move that we suspend council rules to move the public hearing (7a) under #8, d.

Councilmember Barker: 2nd.

Mayor Michalson: motion and a 2nd. Council discussion? Public comment? Seeing none, Jenelle take the vote.

Councilmember Barker: aye.

Councilmember Brown: aye.

Councilmember Nelson: aye.

Mayor Michalson: motion passes 3-0.

8. New Business

- a. Discussion/Decision: Consent to the Mayor's Appointment of Brian Germane as the new Airport Manager

Mayor Michalson: introduced new business item a. Consent to the Mayor's Appointment of Brian Germane as the new Airport Manager. Brian has been on the airport board and has some experience.

Brian Germane: for the last couple of years I have been involved in the airport board, I have built relationships with the users. When Will resigned, I saw that as a way to keep the momentum moving and continue working on the things that Will worked on. Things like the curtesy car and fuel. For me I think that we have such a great group of people involved in this airport right now between the users, the board and this council. I am optimistic that we can make this airport that shining star. I would like the opportunity to work with this group.

PUBLIC COMMENT

Craig Thomas: airport board chair. Brian stepped in while I was out of town and took care of several items. He owns an aircraft and is renting a hanger at the airport, as the airport board chair I recommend him.

Mayor Michalson: Jenelle, would you take the vote.

Councilmember Brown: aye.

Councilmember Nelson: aye.

Councilmember Barker: aye.

Mayor Michalson: motion passes 3-0

b. Informational: Jessica Cochrell as the new Fire and Court Clerk

Mayor Michalson: introduced new business b. Jessica Cochrell as the new Fire and Court Clerk. Colette has resigned and she is helping out the new girl. We did an interview, and they picked Jessica, and she is in training with Colette right now.

Councilmember Barker: where is she from?

Mayor Michalson: she is from Florence.

Councilmember Nelson: Jeff's clerk?

Mayor M: yes, Jeff's clerk and the court clerk.

c. Discussion/Decision: Approval to Repair Curbing at 312 7th Street

Mayor Michalson: introduced new business item c. Discussion/Decision: Approval to Repair Curbing at 312 7th Street. Don Murphy came to me in February, he said that he has brought this up with the last three mayors. I did get two proposals as per our purchasing policy. Town ordinance says that curb replacement has to come in front of the council. Steve correct me if I am wrong, the lower bid we will take away the curbing?

Stephen Lassiter: correct.

Councilmember Barker: I make a motion to approve Repair Curbing at 312 7th Street.

Councilmember Brown: 2nd.

Mayor Michalson: motion and a 2nd. Council discussion?

Councilmember Barker: is this something that the town has done to cause the damage to the curb or what is the reasoning behind it? walking through out the town there are a lot of curbs.

Mayor Michalson: there are, and we own them.

Councilmember Barker: they need to be repaired, over time, the snowplows?

Stephen Lassiter: the ones next to him look great.

Mayor Michalson: he told me that he can not repair it anymore, he has been repairing it since 2014.

Councilmember Nelson: are we entertaining a bid?

Mayor Michalson: no, just the repair.

Councilmember Barker: it is going to cause a trickle effect; we do one and I understand that they are our responsibility. I have curb in front of my house since the day we moved in.

Mayor Michalson: we have to start somewhere, we need to discuss grants, there are a lot of grants, but you have to have a master sidewalk and curb plan, that would require having an engineering company like HDR doing a study and once that is in place then we could go out and get grants and then repairs.

Councilmember Barker: is that something through the planning and zoning that does that.

Mayor Michalson: engineering, we would have to put out an RFQ for engineers to do a curb and sidewalk study, this should be on our radar. Spring and 3rd are some of the most traveled streets to the school and those would be the first to look at for repairs.

Councilmember Barker: so, these bids will come back to the council.

Mayor Michalson: no, the purchasing policy, I do not have to bring the bids back if it fell under the amount.

Councilmember Nelson: from now on from these pictures, we would be repairing trip hazards that may be dangerous to walkers or drivers, we should start there.

Mayor Michalson: any other comments from the council, or the public? Seeing none, Jenelle please take the vote.

Councilmember Nelson: aye.

Councilmember Brown: aye.

Councilmember Barker: aye.

Mayor Michalson: passes 3-0

d. Discussion/Decision: Agreement Between the Town of Stevensville and the Stevensville School District School Resource Officer Program

Mayor Michalson: introduced new business item d. Agreement Between the Town of Stevensville and the Stevensville School District School Resource Officer Program. You have in front of you the SRO contract. It came to the town, John reviewed it, then Gina reviewed it and Greg also. The only thing that I saw was that it went from a three year to a one year.

Councilmember Nelson: it would pretty much be (unclear audio).

Mayor Michalson: we actually have two, Kenny has either Joe or John with him because Kenny is not done with FTO. In case something was to happen. You have to have someone qualified up there. There was also a change, when a school resource officer does a game or a dance the school has agreed to pay for that overtime.

Gina Crowe: they pay for those events.

Councilmember Barker: I would like to approve the Agreement Between the Town of Stevensville and the Stevensville School District School Resource Officer Program .

Councilmember Brown: 2nd

Mayor Michalson: motion and a 2nd. Council discussion?

Councilmember Brown: one thing that I noticed was, the chief of police is supposed to visit with the school, it did not say how often, we need to make sure that he is aware of this.

Councilmember Barker: I think that it is a great thing, we have had some good officers up there the kids feel safe, I am glad that this is back in place. We ended up losing Casi at the end of it.

Mayor Michalson: that may have been one of the reasons why they changed it to the one year.

Gina Crowe: she went to the academy so that is why she was not there and then she came back and finished until school was out.

Mayor Michalson: any comments from the public on the SRO contract? Further discussion from the council? Seeing none, Jenelle please take the vote.

Councilmember Brown: aye.

Councilmember Barker: aye.

Councilmember Nelson: aye.

Mayor Michalson: passes 3-0

7. Public Hearings

d. Preliminary Budget for Fiscal Year 2024-2025

Mayor Michalson: introduced the public hearing for FY 24-25 budget.

PUBLIC COMMENT

Nancy Lowell, 211 Church: I just have a couple of concerns on the general fund, one of those would be the cannabis money last year they brought in \$21,635 and it was cut back to \$15,000 I am wondering why.

Robert Underwood: it is a guesstimate. We do not know how much we are going to get.

Gina Crowe: it is 3% of the taxes that are paid.

Nancy Lowell: I was under the impression when I was on the council it would go up this year.

Robert Underwood: one of the reasons why if those cannabis sales go down, we then have not overestimated.

Nancy Lowell: the court system their expenditures were \$112,000, and they only brought in \$10,079. Not a good thing. I saw that you estimated pool revenue around \$28,000 I would never do that.

Robert Underwood: I looked over the last three years and did an estimate. It has been going up, one year it can be expensive.

Nancy Lowell: my other question, fire department under wages, \$28,805 and \$10,500 for withholdings, I was under the impression that Jeff only got \$275.00 per month.

Robert Underwood: the fire clerk,

Nancy Lowell: isn't she just part time?

Robert Underwood: part time fire and part time court. That also includes work comp for all of the volunteers.

Nancy Lowell: pension expense, \$25,000 what is that?

Robert Underwood: the town, across the state, volunteer fire departments control their retirements, the towns are 100% liable for this, we have to have three times that.

Nancy Lowell: that probably has not been done for the past years, who is retiring.

Robert Underwood: at one time they built up a bunch of money and they whittled that down.

Nancy Lowell: you are giving them that instead of the fireman's pension money.

Robert Underwood: this is other than the pension.

Nancy Lowell: and that is MCA code?

Robert Underwood: towns are stuck with it.

Nancy Lowell: I did not know that you could do that.

Robert Underwood: we used to get a finding that we did not do it, but they changed that law. We are going to have to pay more of that next year.

Nancy Lowell: this is just the city fireman?

Robert Underwood: no.

Mayor Michalson: rural too, it is that deal that they made in 2015 with Minmack. We are paying for the rural departments.

Robert Underwood: I understand that there is only one rural that we are paying right now. Something is going to have to be looked at, it is going to cost the town more and more.

Nancy Lowell: the other thing is I do not show that the general budget is balanced.

Robert Underwood: it is not balanced, for the last four years we have been spending down some funds, we have the one-million-dollar requirement, we spent less then what we budgeted for last year. This year, this has been the theme since I started working here.

Nancy Lowell: I would think that you would reduce the expenditures.

Robert Underwood: we still meet our requirements.

Nancy Lowell: 35%?

Robert Underwood: you cannot go over 30%.

Nancy Lowell: if you are in the red?

Robert Underwood: we are not in the red after this year we will have reserve. It should be balanced, this year the evaluation, the taxable value was reduced in town, we did not loose any value in town, but our taxable value went down. We lost a couple thousand bucks.

Nancy Lowell: I think that some people will protest paying their taxes and that will be a deficit to the town.

Mayor Michalson: any more comments on the budget?

e. Discussion/Decision: Resolution No. 556 a Resolution for Adopting a Budget and Adopting Wages and Salaries for the Town of Stevensville, Montana

Mayor Michalson: introduced new business item e. Resolution No. 556 a Resolution for Adopting a Budget and Adopting Wages and Salaries for the Town of Stevensville, Montana.

Councilmember Brown: I move that we adopt Resolution No. 556 a Resolution for Adopting a Budget and Adopting Wages and Salaries for the Town of Stevensville, Montana.

Councilmember Nelson: 2nd.

Mayor Michalson: motion and a 2nd. Discussion from the council or Robert do you want to give your presentation.

Robert Underwood: wages and salaries after the last budget workshop. 2% for the employees, I did not take a raise. The cops are getting the \$24.00 after schooling. The only other one that you talked about was lowering the council pay to \$200.00 per month. The other part is the employees leaving, Glenn and Colette. We talked to Colette today she is going to use out her vacation. Joe Marble also left. And Glenn Beiss also put in his paperwork Monday is his last day.

Mayor Michalson: any questions from the council on the wages?

Councilmember Barker: just so the public is aware obviously you see that the council does not make much money we were trying to help by decreasing our council pay by hoping to help out elsewhere in the budget. I do not agree with some of the others that should have done the same thing knowing where we are at and again, I can't twist every bodies arm to do that. It does take a lot; it is not something that is going to be forever we just saw it as something that we had to do for the town.

Mayor Michalson: comments from the public.

PUBLIC COMMENT

Melissa Bailey: College Street. I want to ask how many employees does the town have?

Gina Crowe: twelve.

Melissa Bailey: that included fire and police.

Robert Underwood: twelve, we have volunteers and that does not include the pool people and the seasonal.

Stephen Lassiter: if this is approved is it retroactive.

Robert Underwood: the first of the month. (referenced the budget worksheets on the projector) here is our budgeted amount and what we have available right now. We have gotten more bills in for last year so that is lower now. You notice that I have highlighted the water and sewer funds, any questions with that. Ambulance fund, just like we talked about it is now in the general fund under fire.

Mayor Michalson: so, the ambulance is going to be part of the fire?

Robert Underwood: yes, with the same expenditure, same budget just in a different line. Come down to fire, in emergency services. That same dollar matched last year; it is now part of fire as a total. Emergency services is what the account should be called. The other one that we changed is the bond fund for water and sewer. It is an expense of the system.

When I talked to the auditors, they do not care that we separate it out, other towns put them together. now that we are going to do an asset replacement, you have to have a reason to save your money. 5211 and 5311. Now you can not spend those monies until you bring it back to the council. We worked with Black Mountain to do this. Our revenue money is not a lot clearer. Last time we just had water, you could not tell if it was water or over the base rate. So, now we have that separated out. Bulk water sales is out of the hydrant. DEQ always there. Code is for water asset replacement and one for sewer. The only thing that changed was the wages and these moved.

Mayor Michalson: we created that water and sewer to put them in there so that they can only be used for projects.

Robert Underwood: after the budget is passed, we will do some housekeeping and move some money around with in the funds. The rest of the money will be in the asset fund, and we would have to come back to the council to spend it, that money is set aside so that is another 2-5 years we can do another street/water project. we are going to get another finding next year because we did not meet the requirements for water and sewer. She knows that it is years difference. I made this for the rates, this budget the water and sewer increase is based on last years budget and what we budgeted and spent, this year you are approving a higher budget because of higher expenses. This is water for our budget right now, if we only do 10% asset replacement and only 10% for the sewer our rates would be \$124.00, we are not there, we are going to get that finding again. next year we are going to have an increase to \$133.00, which is my recommendation is that we sit at it in six months and see where we are at.

Mayor Michalson: when we raised it, we did not raise it enough.

Robert Underwood: because we did not have this budget prepared and we need to do catch up, if we get the water rights done, that will take \$50,000 off. Hopefully if we get that done this year that cost will go down. That is the water thing that we put together to see where we are at. I heard someone ask the auditor to move money between the funds; general and water, you cannot do that, you can not put tax money into a fund that not all people use. Water and sewer have to be by themselves. It has to survive on the users that you have.

Mayor Michalson: some people out there are thinking that we should bring the water and sewer rates back to the council again, the rates would only go up.

Robert Underwood: that is correct because we would have to use this number here.

Mayor Michalson: if the public is not happy with the \$115 it would be up to \$121?

Robert Underwood: we will get another audit finding again.

Councilmember Baker: if we were to bring the outstanding accounts current where would we be standing?

Gina Crowe: she started with over \$30,000.

Mayor Michalson: she told me she is under \$13,000.

Councilmember Barker: that is a big deal, you can have a budget but if you do not have that. Water meters working is a big part of it.

Mayor Michalson: I will say Cody Anderson read meters today and the count was 92. 16 of those do not count for various reasons. True count is 76 and that is really good, we started at 200. We are not replacing some right now because they are on back order. We have to thank public works for working on these.

Councilmember Nelson: do we have a ballpark on these back meters.

Mayor Michalson: maybe another 25.

Stephen Lassiter: I have 9 and 24 coming in a couple of weeks. We just keep plugging away.

Robert Underwood: any other questions?

Councilmember Brown: just like Nancy, I could not get it to pencil out, but you are saying that even though it does not balance we only have to be within a certain percentage.

Robert Underwood: correct.

Mayor Michalson: what percentage?

Robert Underwood: 17.23%.

Councilmember Barker: that is really close, so every department has to pay attention to what they are spending.

Mayor Michalson: that will be on me.

Councilmember Barker: it is also on the council.

Mayor Michalson: we are going to have quarterly meetings with all of the staff and go through the numbers and if it comes down to them getting it approved by me before it is purchased, it has been done before. I do not have a problem with Steve he is really good with his budget he asks before he purchases. I will address one thing, Glenn mentioned in his exit interview that we need to seriously be thinking about replacing that dump truck. It is old and tired.

Stephen Lassiter: from the 1960's.

Mayor Michalson: you need to keep that on our radar. Anything else down there?

Stephen Lassiter: street sweeper.

Mayor Michalson: any other questions from the council, we have been through 5 budget meetings, and we have gone through it line by line. Questions from the public.

PUBLIC COMMENT

(Citizen) Can I set a meeting to look at the costs on leaking water, electricity and chemicals.

Robert Underwood: the cost could be difficult; it is basically figuring out what we pump and what we bill.

(Citizen): I am going off of a report from HDR.

Mayor Michalson: land use agreement is over, right Brian?

Brian Germane: started the 24th of last month and ended 9/15/24.

Robert Underwood: what was the math this time?

Mayor Michalson: \$500.00 per day.

Brian Germane: then on the third day they took over the SRE building.

Robert Underwood: that part is not in the budget for the airport revenue, that is going to put the budget back up another \$30,000.

Mayor Michalson: any other comments from the public or council? Seeing none, Jenelle please take the vote.

Councilmember Nelson: aye.

Councilmember Barker: aye.

Councilmember Brown: aye.

Mayor Michalson: passes 3-0

9. Board Reports

NONE

10. Town Council Comments

Councilmember Barker: I told you at the last meeting that I was going to meet with Joyce Ann and Sandy about the help for you program to see if they would be interested in helping out with, I met with them this afternoon they like the idea and I have a timeline when it all started to now. It was helpful to them to hear the timeline. I told them that we had to end it due to MMIA stipulations. They are going to look into other towns or cities and what they do. Going to them and the Stevensville Foundation they have done some scholarships. I will be able to attend some of their board meetings, one thing that they looked at was an age requirement by state law you can not have the age requirement. They are going to seriously take this into consideration. I told you that I would do it so I finished through with it.

11. Executive Report

Mayor Michalson: I will be out of town next week to attend an MMIA board meeting in West Yellowstone October 1-4. Council President Brown will fill in for me during my absence. Fall


cleanup is set for October 7-11. (Mayor read through the items that can be picked up and what the zones are). These can also be found on the town's website. Tomorrow Gina, Stephen and I will be going down to Hamilton to attend a disaster relief meeting. Town hall will be closed on October 4th at noon due to the fact that Jenelle and Gina will be out of town and Andrena will be out of time by then.

12. Adjournment

Councilmember Nelson: make a motion.

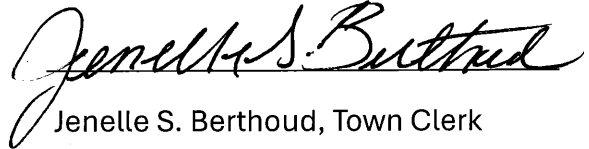
Councilmember Barker: 2nd.

APPROVE:

A handwritten signature in dark ink, appearing to read "Bob Michalson", is written over a horizontal line.

Bob Michalson, Mayor

ATTEST:

A handwritten signature in dark ink, appearing to read "Jenelle S. Berthoud", is written over a horizontal line.

Jenelle S. Berthoud, Town Clerk