

## APPROVED MINUTES

The City Council held Council Meeting #1648 on Monday, March 4, 2024, in the Council Chambers at City Hall.

### **Call to Order:**

The meeting was called to order at 7:00 pm by Mayor Peggy Williams.

The Pledge of Allegiance was completed, prayer was by Mark Smith, and roll call commenced. Present were Mayor Williams, Councilors Gary Beach, Melissa Berke, Ian Smith, Kristin Smith, Hugh Taylor, Brian Zimmerman, Administrator Sam Sikes, Clerk/Treasurer Leann Monigold, and (via Zoom) City Attorney Dean Chisholm.

Mayor Williams welcomed all those present.

**Announcements:** None

### **Committee Reports:**

**Administrator:** Administrator Sikes reported the Sewer Plant is exploring methods to prevent polymer clogging lift pumps due to the new bar screen altering the input pathway. The polymer coagulates cooking grease and oils, preventing lift pumps from pulling it through. The plant is considering recycling the influent to prevent the blanket from forming.

The Water Department is making repairs to address 23 water leaks identified by a recent leak survey. Plan are to complete these repairs by May to prevent further water loss during the drought. Funding for repairing the leaks is coming from the Capital Improvement Plan so it will not blow up our annual budget.

A water rate analysis has been completed and was presented to the Water/Sewer Committee. A resolution of Intention is on tonight's agenda to be considered. The city must consider increasing rates to maintain proper services.

During an Executive Forum in Sydney, the mayor, managers, and administrators discussed many topics, but kept returning to property taxes and how the State says cities are not being wise with property taxes and need to cut back the amount collected. Mr. Sikes stated he did the math and discovered the following: For FY23 Property Taxes collected \$414, 280. The Police department spent \$510,617, Fire Department \$100,565, and the Fire Department retirement cost around \$52,000. Meaning that the city spent almost \$249,000 over what was collected in property taxes on public safety alone and asked the Council members look at this subject as a matter of public safety. Without their elected voices to represent the City, he is not sure how the City could absorb a revenue cut without affecting public safety.

Streets Supervisor: Justin Williams reported the Streets crew have been jetting and sweeping/brushing the streets. Jennifer Nelson has been educating the crew on how to properly prune trees. Trees are being given care of that should have been taken care of quite some time ago.

Repairs to the Sterling dump truck we took possession of last year are just about complete, just a couple minor repairs left. Also, repairing an equipment trailer, replacing some decking, and going through the brakes.

There have been three sewer service line repairs, one on Nevada, one on Spruce Street and one on Louisiana. Two of those were root issues and one was just poor flow into a flat new, single flat rock. One 4 inch water main repair last week was behind the printing press right in the alley.

Flowers have been ordered for the downtown flowerpots.

There has been pne mud valve placement at the Wastewater Treatment Plant and rebuilding check valves for the lift station on 1<sup>st</sup> and Montana.

Damage done to fencing and stop sign on the corner of Crotteau near the cemetery have been repaired.

Police: Chief Ercanbrack reported for the month of February responded to 183 calls. 52 were traffic stops, 3 DUIs, 5 assaults, 4 thefts and disturbances, 7 crashes, 8 threatening calls, and 10 welfare checks.

The mechanic shop has informed the city they will be able to fix the patrol car that was damaged in the pursuit and have assured us they'll be able to get back to 100%.

**Ordinance:** Councilor K. Smith announced the Ordinance Committee met on February 21, making progress on the recreational vehicle ordinance. Auto trailers to be renamed recreational vehicle ordinance. There will be at least one more meeting to finalize those recommendations before we bring them to council.

**Zoning:** Councilor Smith announced the Zoning Commission met on February 26, starting discussions on the Business Residential District. The Planning Board also met the same evening and discussed changes to Subdivision Regulations and Land Use map that will amend the Growth Policy.

**Wildlife:** Councilor Taylor announced a meeting will be held next Thursday, March 14<sup>th</sup> at 6:30pm.

**Public Comment on Non-Agenda Items:**

Lori Bush, 421 Warren Road, requested the Capital Improvement Plan, Growth Policy Work Plan, Annexation plan, draft Land Use map, and current Zoning map be added to the City's website.

DC Orr, 1117 Nevada Ave., commented concerned about the lack of transparency in engineering projects and spoke about the dam project as an example, suggesting it was engineered wrong and the engineers should provide engineering and repairs at no cost to correct their mistakes.

**Old Business:**

**Libby Loft LLC request for Community Development Funds and Historic Hotel Libby request for Community Development Funds:**

Councilor Taylor **MADE A MOTION** to deny both requests and rework our Community Development Fund, Councilor Beach **SECONDED**.

Councilor Zimmerman asked City Attorney Chisholm if the council was looking at a problem if a vote is taken to deny the two requests because the Council wants to redo the policy.

Mr. Chisholm (via Zoom) responded, if anybody were to feel aggrieved by that, he doesn't know what arguments they may have for feeling aggrieved which makes it difficult to answer. The policy they've discussed has some terms Council doesn't totally agree on or wishes were defined in a better or different way. The policy also seems to grant the Council wide discretion in making the determination. And believes the Council would be within its discretion to deny.

Mr. Chisholm stated, if the Council wishes to explore the issue, they could, if they wish to vote without selecting one reason that would be within the bounds of the law as well.

Councilor Smith stated she would like to go on record as not supporting the motion because she thinks it's terribly unfair to the applicants who have submitted this under the rubric of the existing policy, and to change course mid application is unfair.

DC Orr, 1117 Nevada Avenue, had concerns one of the parties' requesting funds were in litigations and concerns about the City providing the funds and ending up in litigations also and suggests passing the motion.

Lori Bush, 421 Warren Road, supports the motions for the old school, commenting on the Growth Policy and requested, if funds are disbursed, portion it out and request updates, to make sure the project can be completed.

Councilors Beach, Berke, I. Smith, and Taylor voted **FOR** the motion.

Councilors K. Smith and Zimmerman voted **AGAINST** the motion.

**MOTION PASSED.**

**New Business:**

**Approve street closure on Lincoln Blvd for Dept Labor and Industry Job's Expo:**

Janelle Kimberlin, Department of Labor Industry's Engagement Team, requested a street closure for the Job Expo on April 30<sup>th</sup>. Ms. Kimberlin explained where the closure was and described the event.

Councilor Zimmerman inquired if it is only the east bound lane on Lincoln Boulevard between Mineral Avenue and Louisiana Avenue. Ms. Kimberlin replied it was only the east bound lane.

Mayor Williams pointed out the Streets Department will bring the snow blower used in the wintertime to clear the berms and the sewer jet truck, both vehicles unique for the city.

Councilor Taylor inquired if the landlord of the old high school had been spoken to for the use of the parking lot. Ms. Kimberlin replied they have spoken with the landlord and have been given permission.

Councilor Zimmerman **MADE A MOTION** to approve street closure on Lincoln Blvd from Mineral Ave. to Louisiana Ave. on just the eastbound lane, April 30<sup>th</sup> 7am to 5 pm., Councilor Berke **SECONDED**.

Councilors Beach, Berke, I. Smith, K. Smith, Taylor, and Zimmerman voted **FOR**.

**MOTION PASSED.**

**Approve street closure on Mineral Ave for Red, White & Brews, 1st Ascent Climbing & Fitness, and Jason Schikora Photography's combined Grand Opening:**

Sherry Roberts with Red, White & Brews, 411 Mineral Avenue, Kevin Miller with 1<sup>st</sup> Ascent Climbing & Fitness, 412 Mineral Avenue, and Jason Schikora, 417 Mineral Avenue.

Ms. Roberts explained the street closure request on the 400 block from 5<sup>th</sup> Street to 4<sup>th</sup> Street on Mineral Avenue for a combined grand opening for the three businesses that have opened in the last year and described the events that would be taking place.

Mayor Williams inquired about event insurance.

Mr. Miller said the National Guard has their own insurance for the rock wall and inquired about the required insurance amount.

Mayor Williams said it is required to have a 1-million-dollar event insurance, speak to Leann if any details are needed for additional insurance information.

Councilor I. Smith stated it's nice to see businesses coming together and working together.

Mayor Williams inquired if alcohol would be on the street or confined within the business.

Ms. Roberts explained they have not decided yet but, have put in for their catering endorsement on their beer and wine license with the State and spoke with their insurance company about additional liquor on their event insurance.

Clerk/Treasurer Monigold explained there is also a catering permit required by the city, an application can be printed off the website or picked up at the front desk, cost is \$30.

Councilor K. Smith **MADE A MOTION** to close the 400 block on Mineral Avenue from 9 to 9 on April 6<sup>th</sup>, Councilor I. Smith **SECONDED**.

Councilors Beach, Berke, I. Smith, K. Smith, Taylor, and Zimmerman voted **FOR**.

**MOTION PASSED.**

**Approve Neely Electric Inc bid for WWTP L&C improvement project:**

Mayor Williams explained Neely Electric was the lowest bid and after speaking with Mike Fraser the Department of Commerce is still working their way through some of the paperwork. Mr. Fraser requests to make the approval contingent upon the Department of Commerce approval. Explaining there are no problems with their bid, the Department of Commerce is going through the document because more information was required.

Councilor K. Smith **MADE A MOTION** to approve Neely Electric in their bid for the Wastewater Treatment Plant improvement project, contingent upon Department of Commerce approval. Councilor Berke **SECONDED**.

Councilor Beach inquired if there was a discussion with the bidder comparing the bid to the engineers estimate. Mayor Williams stated all parties had concerns because the bid was so low and wanted to make sure everyone was on the same page with the same expectation.

DC Orr, 1117 Nevada Ave., commented on the importance of making sure the low bidder could do the job when the high bidder came close to the engineer estimate.

Councilors Beach, Berke, I. Smith, K. Smith, Taylor, and Zimmerman voted **FOR**.

**MOTION PASSED.**

**Approve Resolution #2027 intention to increase utility rates:**

Mayor Williams read Resolution #2027.

Mr. Sikes stated there has not been a water rate increase in 10 years and explained the process of the water rate analysis.

Councilor Beach asked Mr. Sike to explain how the State dictated the way rates must be structured and are based on loan debt.

Mr. Sikes explained the reason why the base rate must be used to pay for operating budget and loan payments and why usage rates are only for reserves.

Councilor Taylor encouraged everyone to speak with Mr. Sikes to explain it, because he was personally upset by the proposal with an increase of 19%, also a 4% for every year following, but that's not 4%, it's a compounded interest, being a substantial increase but does not see any way around it. Seeing the different numbers and users the city has and by increasing those dwellings, which spreads the load out. Commending all the work done to make things right, fair and just for everyone.

Councilor Zimmerman **MADE A MOTION** to approve Resolution #2027 intention to increase utility rates, Councilor K. Smith **SECONDED**.

Councilors Beach, Berke, I. Smith, K. Smith, Taylor, and Zimmerman voted **FOR**.

**MOTION PASSED.**

Mayor Williams explained the resolution to increase utility rates will move forward and will be advertising in the local new paper and will mail out letters for everyone affected, the Public Hearing will be April 8<sup>th</sup>.

Mr. Sikes explained Rural Water will also be here to answer any questions that he could not answer.

**Approve all claims received to date:**

Councilor Zimmerman **MADE A MOTION** to approve all claims received to date, Councilor Beach **SECONDED**.

Councilors Beach, Berke, I. Smith, K. Smith, Taylor, and Zimmerman voted FOR.

**MOTION PASSED.**

**Approve all business licenses applications received to date:**

Eagle Ridge Truss & Timber, Hasen Design Build, Libby Empire Foods LLC, Quartz Mountain Plumbing and Mechanical LLC, Rigs Detailing, T's Cleaning, and The Montanian Newspaper.

Councilor Zimmerman **MADE A MOTION** to approve all business licenses applications received to date, Councilor Berke **SECONDED**.

Councilors Beach, Berke, I. Smith, K. Smith, Taylor, and Zimmerman voted **FOR**.

**MOTION PASSED.**

## **Unfinished Business:**

### **Update to Libby Development Fund Policy and application process:**

Council Berke stated she thinks there should still be loans so the city can get money back with interest and keep the money in the bank growing interest. Infrastructure should not be included because there is a Capital Improvement Plan for water and sewer. The Eligibility and Review section should be more specific, if it's for a matching grant funds, this would be the percentage offered for the match.

Councilor K. Smith asked Mr. Chisholm if municipalities are allowed or sanctioned to loan funds. Mr. Chisholm explained he does not know of a prohibition and will need a few minutes to research the parameters.

Councilor Beach explained the suggested changes he would like to see. Under the Purpose section strike out "was loan money to businesses, organizations, gap financing for the purpose of job creation, expansion, capital investment." Suggest adding "the city believes that other organizations are better equipped with staff and knowledge to review and administer grants for projects that fall under the criteria for gap financing of the purpose of job creation, expansion capital investments." Further down on paragraph, strike the phrase related to city projects and reworded to "related to projects located within the city limits."

Policy Objectives, "the objective of this policy is to guide and assist in fostering community development initiatives to become an attractive liable sustainable place for Libby citizens, new and existing businesses and visitors." Adding "availability of funds will be determined by the previous years accrued interest and shall not deplete the current fund of basically what it is today to ensure funds will be available in the future" and added a possible breakdown of what that would look like and gave examples. Also adding, "any interest funds that have not been awarded by the end of the calendar year will be added to the principal of the fund" and gave examples. Adding, "interest fund availability will be reviewed by City Council the first meeting of the year, and the council will determine the breakdown for that following grant cycle" giving examples.

Page two, "improve infrastructure in the downtown and other commercial areas within the limits" needs work, limits us to downtown and other commercial areas, giving an example of the ball fields.

Use of Funds, "funds may not be used for the following purposes: equipment purchases general fund operating expenses" add "reimbursements for already completed projects."

Section Three Project Eligibility, strikeout "City Council will be decision making body for all requests" adding, "selected agencies will provide an application process which is approved by city council for potential projects to use the Community Development Fund for that cycle year. And we'll evaluate each expenditure based on the following criteria."

Project Eligibility and Review, add “matching funds shall not exceed 50% of the fund” giving an example. Also, adding a clause further down” if the matching grant is not awarded for the additional matching from additional matching sources, the city's contribution will not be awarded and will remain with the awarding agency for further distribution.” At the end add “Once the application has been approved, the city will award the recipient” giving examples.

Councilor Zimmerman inquired what would be the proposal if there is no bank interest to give out those grants. Councilor Beach remarked it is a living document and could be changed moving forward.

Councilor K. Smith stated she had concerns about depleting the fund but suggests putting a certain percentage on the fund annually, so the city is not handcuffed to only spending interest if there is a stellar project that really needs a lot more funding. Under Purpose,” City believes that other organizations are better equipped staff and knowledge to review and administer grants for projects that fall under criteria of gap financing for the purpose of job creation, expansion or capital investments.” Suggesting not to worry about that because that will not change the name of the Community Development Funds, there are other sources out there for job creation.

Use of funds, clarify the first sentence, “funds may be used for projects that address one or more of the following.” Giving an example of the baseball fields, stating it is very important for the city to invest in downtown, that's our hub through commerce. Strikeout “infrastructure” and add “beautification” or something similar.

Ms. Smith stated, Tina provided some really good resources and a draft application. Suggesting some of these questions in the eligibility and review belong in the application and will help winnow down and help applicants focus on addressing the criteria, forcing an applicant to write it out and specifically address it, don't address It and it is disqualified.

Councilor Zimmerman suggested under “Background” adding another paragraph, “approximately 2020 the city finalize the loan repayment with Cabinet View Country Club in the amount of 1.541 million and 25 cents. In return, the city gave Cabinet View Country Club a grant for \$541,000 for the construction of their new clubhouse. This brought the fund to approximately 1.5 2 million for future projects.”

Under “Purpose” striking the last sentence. Wanting the funds to continue to grow and a possibility of low interest rates to provide a grant, suggests keeping \$1 million as untouchable and using \$500,000 for loans to projects or businesses with a balloon payment at the end of the loan at a higher interest rate higher than the fund bank account, adding a 4 or 5% be paid yearly. Always keeping a revolving fund while also growing for future.

Under “Use of Funds” a.) changing it to read “improvement infrastructure in downtown and other commercial areas within the surrounding area of the City of Libby.” And adding under “funds may not be used for the following purposes”, water and sewer projects. Councilor Zimmerman would like the policy to be written, thinking of the future, for larger projects that benefit the community, not just something for the moment.



Councilor I. Smith suggests striking the word “infrastructure” because the Council has a difference of opinion on the meaning.

The council discussed if funds should be limited to just city limits or available to projects in the surrounding community.

The council agreed the word infrastructure should be removed.

Councilor Taylor suggested there needed to be discussion on whether an outside entity operating the application process to bring to council and explained there are great resources out there to help build the applications for grants or loan programs.

The council discussed the possibility of bringing in a grant writer and what the cost could potentially be.

The council discussed how they should move forward and will table the discussion until the next meeting.

Attorney Chisholm stated if funds such as CDBG grants are structured as loans determined by the city and seems to be ample precedent for using outside funds, not local taxpayer funds, to finance loans. Councilor K. Smith asked for clarification, if CDBG funds were applied for and received to the city, those funds could be used to loan out. Attorney Chisholm agreed they could, other municipalities have done it and were not challenged.

**General Comments from the Council:**

Councilor Beach commented he was not against loans but looking at the funds history with loans he had concerns. Suggesting if that is an avenue the Council would like to go to make sure the documents are in order and are enforceable, if something were happen or the business fails, the City doesn't just lose those funds by defaulted loans on the investment.

Councilor K. Smith wanted to remind everyone the organization that was initially created when the fund started lacked knowledge of how to properly execute the funds. From personal experience with KRDC who has given loans, a person is designated to keep up on any loans that fall behind. Loaning money means more risk and more exposure to.

Suggesting an organization who's structured to do that might be a way, send some money to the organization and the city's out of the loan business, but that pot of money is used for loans by the other organization that handles it better and is equipped to do so.

Mayor Williams comments a street closure request will be coming to Council at the next meeting from Tammy Brown requesting Second Street from California to Mineral in August for a fundraising event for the Our Kids, an organization that provides Christmas gifts for kids. Mayor Williams suggested, since there have been may street closure requests, creating a policy for street closures with some criteria and a sort of checklist for anyone wanting to request a street closure so all concerned would know what is expected.

**Adjournment:**

Councilor Zimmerman **MADE A MOTION** to adjourn, Councilor Berke **SECONDED**.  
Councilors Beach, Berke, I. Smith, K. Smith, Taylor, and Zimmerman voted **FOR**.  
**MOTION PASSED.**

Mayor Williams adjourned the meeting at 8:33 PM.

\_\_\_\_\_  
Mayor Peggy Williams

Attest: \_\_\_\_\_  
Clerk/Treasurer Leann Monigold