

Unapproved Minutes of the Montrose City Council + Public Hearing on Water Tower Repair & Water Rates

The Montrose City Council meeting and Public Hearing on Water Tower Repair & Water Rates was held on September 11, 2018 in the Community Center, Montrose, SD. The meeting was called to order by Mayor Paul Klaudt at 7:00 pm. The Pledge of Allegiance was recited. Present were Mayor Paul Klaudt; Council Members Robert Hoiten, Tony Heumiller, Susie Painter, and Jake Tysdal; Maintenance Supervisor Daryl Sieverding; and Finance Officer Sara Smith. Also in attendance were Leslie Mastroianni from SECOG, Trent Bruce from DGR Engineering, Leann Kerzman from Midwest Assistance Program, and five members of the community.

Mayor Klaudt reminded all in attendance to adhere to the Rules of Decorum.

Mayor Klaudt opened the public hearing on Water Tower Repair and Water Rates at 7:02 pm. Leslie Mastroianni from SECOG presented the following information: The City of Montrose is submitting two applications for funding to finance its Water Storage Improvements project. The total cost of the project is \$338,300. One of the applications is to the Department of Environment and Natural Resources (DENR). The funding request is for \$187,000. The funds could be awarded as a grant, a loan, principal forgiveness or a combination of loan and grant funds. The City of Montrose is also submitting an application to the Governor's Office of Economic Development (GOED) for grant funding through the Community Services Block Grant (CDBG). The request to GOED is \$151,500. These funds are provided as a grant and there is no required payback of the funds. The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities. The City of Montrose meets one of the criteria for eligibility in that 52.99% of its residents have been determined low-and-moderate income by the US Department of Housing and Urban Development and the US Census Bureau. This means that the activities funded through this proposal will benefit 52.99% low-and-moderate income households – criteria for receiving HUD funding. Community Development Block Grant funding also requires the opportunity for citizens of the community to engage and participate in the planning and implementation of CDBG-funded activities in their community. We know that the Water Storage Improvements project is a priority for the city and its residents. However, you are encouraged to identify other priorities in your community. This is your moment to let us know what you feel is important for your community. Included in needs already identified:

CITY OF MONTROSE

COMMUNITY DEVELOPMENT AND HOUSING NEEDS ASSESSMENT

COMMUNITY DEVELOPMENT AND HOUSING NEEDS OF LOW-AND MODERATE-INCOME PERSONS.

- Vacant property in the floodplain, making it difficult for redevelopment.
- Identify housing needs through a SDHDA-sponsored Housing Study.
- Park and recreation improvements.

OTHER COMMUNITY DEVELOPMENT AND HOUSING NEEDS.

- Improving residential streets
- Participation in the Pre-disaster mitigation plan process to identify possible activities to mitigate the loss of life and property in the event of a disaster.

PLANNED OR POTENTIAL ACTIVITIES TO ADDRESS HOUSING AND COMMUNITY NEEDS

- Water and wastewater infrastructure improvements
- Update and/or revise the City's Comprehensive Plan.

This assessment was prepared at a Montrose City Council meeting on September 11, 2018.

Trent Bruce from DGR Engineering spoke about the need to do a comprehensive study of the water/wastewater system to help us apply for additional grant funding from DENR. DENR requires a Facilities Plan. The last one completed for Montrose was in 2004. DENR will allow an amendment to the 2004 plan to allow us to proceed with the water tower repair project because that is an urgent need. But we need to update the full facilities plan soon. The water tower needs to be replaced because it has sprung leaks that needed repair. An inspection was completed which showed the glass panels inside the tower are beginning to show their age. The roof was partially collapsed and needs repaired and replaced. No anodes had been installed in the tower to prevent rusting of the bolts holding the tank together. At the time of the inspection, anodes were added to prolong the life of the tower. Given the expense of repair and the expected lifespan of the existing tower, replacing the tower is deemed more economical.

In order to apply for CDBG funding to help with the costs of this project, the council reviewed Resolution 296-18, published separately. Motion by Painter, 2nd by Tysdal to pass Resolution 296-18. All approved.

The Public Hearing moved on to discuss Water Rates. The Water Fund balance is negative, currently -\$14,945.07, and is losing money every month due to spending more on water purchases from Kingbrook, maintenance and our existing water loan through DENR than what the city is bringing in through water bill payments. The State of South Dakota requires the city bring in revenues that are 110% of expenses. Currently the city is collecting 41%. The City is also required to have money in reserve equal to one year's worth of loan payments. In order to bring the city back into compliance with DENR, Finance Officer Smith worked with Leann Kerzman from Midwest Assistance Program to develop a water rate study and recommendation for a water rate increase. This recommendation just covers the current water usage and expenses. This does not cover the upcoming water tower project, therefore

future rate increases will be necessary. Smith and Kerzman recommended to the council that the base rate for zero gallons of water be \$21 per month per meter with a \$5 charge for every 1000 gallons used. For example, if you use 400 gallons in a month, your water bill will be \$26 (plus garbage and sewer. Those rates not changing at this time.) If you use 1999 gallons in a month, your water bill will be \$31. If you use 2001 gallons in a month, your water bill will be \$36. If you use zero gallons, your bill will be \$6 higher per month than current rates. If you use 1 or more gallons, your bill will be \$11 higher per month than current rates. Motion by Heumiller, 2nd by Hoiten to set the water rates as recommended and documented in Resolution 297-18 (published separately). All approved. The Public Hearing portion of the meeting was adjourned at 7:34 pm.

Motion by Heumiller, 2nd by Painter to approve the agenda with a change to discuss DGR engineering first. All approved. Motion by Heumiller, 2nd by Tysdal to declare DGR the official engineering firm for the city. All approved. Mayor Klautd signed the Master Document for Professional Services contract and the first Task Order to start work on the Water Tower project at a cost of \$49,500. Those costs will be requested for reimbursement through DENR.

Motion by Tysdal, 2nd by Heumiller to Approve the minutes from 08/14/18. All approved.

DEPARTMENT REPORTS:

Sieverding reported the street project at 1st and Kluckholm is complete. Sieverding met with SD rural water representatives to perform an initial inspection of the water system to try to identify any areas causing water loss.

Hoiten reported on the daycare as Daycare Director Katie Stiefvater was on call for ambulance service and not able to attend. The daycare showed a small profit. Stiefvater has completed the online portion of the CDA training. Next step is to apply to the National Council and find a specialist to do an observation. Preschool is underway with new curriculum. 10 children are enrolled Monday through Thursday. The Daycare is looking for more part-time staff available to work evenings. Applicants must be at least 14 years old and must be able to pass a background check. Applications are available on the city website or at the city office. The daycare is at full capacity.

Smith sent budget and voucher reports to the council prior to the meeting for review. The cash balance in the general checking account is declining, however property tax payments will be deposited sometime in November which will increase cash balance again. The number of hours Smith is needing to work per week is down quite a bit from the summer months.

VOUCHERS:

Vouchers were reviewed. Bills Paid Before Meeting: FEDERAL TAX PAYMENT \$2,111.98 08/24/2018 Payroll Tax; FEDERAL TAX PAYMENT \$1,578.51 09/07/2018 Payroll Tax; JOSH & SUSIE CLEVELAND \$69.55 Return of Water/Sewer Deposit; LOIS GRIFFITH \$21.00 Return of Water/Sewer Deposits; MAXWELL FOOD EQUIPMENT \$2,694.95 Office Bar-Bottle Cooler; MCI \$47.07 Long Distance; THE SECURITY STATE BANK \$746.34 City Credit Cards; SAFE-N-SECURE \$1,077.68 Downpayment on Security Camera System; Total Paid Before Meeting: \$8,347.08; Bills Paid At Meeting: SD DEPT OF REVENUE \$241.54 August Garbage Sales Tax; SD DEPT OF REVENUE \$187.50 August Pool Campground Sales Tax; VERIZON \$173.49 Cell Phones; A & B BUSINESS SERVICES \$85.93 Printer Contract; ADDY DISPOSAL \$3,053.00 Garbage Service; AGRI ENERGY \$3.98 Daycare Groceries; Anderson Publication \$289.66 Publishing; CITY OF MONTROSE \$375.26 City Water Bills; CONCRETE MATERIALS \$4,137.71 G-2 Asphalt; DARYL SIEVERDING \$351.05 7.5 HP Water Pump purchased at Auction; GOLDEN WEST \$263.51 Phone/internet; GREAT PLAINS ZOO \$110.00 ZooMobile Class-Summer Kare; KINGBROOK RURAL WATER \$6,021.25 Water Purchase; MCCOOK COUNTY AUDITOR \$1,408.34 County Sheriff; MCCOOK CTY HIGHWAY DEPT \$2,317.15 Replace Asphalt at 1st & Kluckholm; MIDAMERICAN ENERGY \$39.13 Natural Gas; REYNOLDS EXCAVATING, INC \$180.63 Screened Gravel; SALEM FARMERS MARKET \$171.48 Groceries; SCHOENFISH & CO, INC \$9,500.00 2016-17 Audit; SOUTH DAKOTA ONE CALL \$7.84 locates; SOUTH DAKOTA RETIREMENT \$1,378.38 Retirement Payment; SOUTHEASTERN ELECTRIC CO \$2,676.68 Electric Service; US FOODS \$375.48 Daycare Groceries; AGRI ENERGY \$698.47 misc fuel sales; MATHESON TRI-GAS \$49.14 acetylene+oxygen; MCCOOK CTY HIGHWAY DEPT \$20.00 1/4 ton cold mix; RYANS REPAIR \$100.00 bleacher and mower tire repair; SD DEPT OF TRANSPORTATION \$32.00 Billboards on I-90; LAMMERS \$228.00 City Attorney; PAID AT MEETING \$34,476.60; GRAND TOTAL \$42,824.68; July 2018 Payroll: Finance Office \$1,337.00; Maintenance \$3,083.20; Daycare \$10,811.37; Pool \$4,563.81; Water \$172.48; Sewer \$620.92; Total \$20,588.28; Motion by Heumiller, 2nd by Painter to approve the vouchers. All approved.

OLD BUSINESS:

Discussed obtaining appraisals for the city owned property declared surplus. Mayor Klautd opened three bids for a new pool liner. All three bids were for the same specifications and carry 10 year warranties. Thompson Pool from Billings, MT: \$83,670. Natara Corp from Indianapolis, IN: \$69,919. RenoSys from Indianapolis, IN: \$49,974. Motion by Heumiller, 2nd by Painter to accept the bid from Renosys for Pool liner at the cost of \$49,974 and allow Smith to sign the contract and pay the 10% downpayment, assuming Renosys can complete the project by May 2019. All approved. Discussed pool house repairs. For the 2018/2019 off-season, repairs will focus on the pool liner and the broken pipes between the filters and the wading pool. Repairs/replacement of the pool house and any additional updates will be looked at for the 2019/2020 off-season. Donations will continue to be accepted for these projects and will be tracked within the 501 Pool Repair Fund to ensure all donations are spent on their designated purpose.

At the August meeting, a motion was passed to hire Intellipro Security to install a camera system at the city office. Following the meeting, it was brought to Smith's attention that the quotes reviewed by the council were not for the exact same specifications. Smith obtained new quotes for the exact same number of cameras and components, at which time the quote from Safe-N-Secure was the lowest. The council reviewed the quote from Safe-N-Secure and authorized the addition of audio surveillance not to exceed \$300.

Motion by Hoiten, 2nd by Tysdal to accept the quote from Safe-N-Secure. All approved.

Motion by Heumiller, 2nd by Painter to approve the 2nd reading of the 2019 Budget Ordinance 002-18. All approved. Motion by Heumiller, 2nd by Painter to approve the 2nd reading of 2018 Supplemental Budget Ordinance 003-18 to cover the expenditure on the new Skid Steer Loader. All approved.

Smith discussed issues with collecting ordinance fines. The only legal option the city has for collecting is to go through small claims court. Because the city is a government organization, the only cost to the city to file is the price of certified mail, currently \$7.20. The council directed Smith to begin small claims proceedings against a resident who has not paid the fine for an animal at large that was also not licensed, because this dog, while at large, killed another resident's chickens. Additionally, the Humane Society will be called to pick up the animal should it be on the loose again, at the resident's cost. Smith will first send one more letter to resident requesting payment and notifying that small claims court will be pursued to try to recover the fines and get the dog licensed to try to avoid this outcome. Post-meeting note: If a resident wants to appeal a fine, resident must request to be on the agenda and attend city council. Sieverding and Smith are not authorized to make deals with residents to reduce or remove assessed fines. Threats, yelling, or other erratic behavior will be reported to the county sheriff.

NEW BUSINESS:

Current employee pay rates were reviewed. Hoiten reported current SD minimum wage is \$8.85. Federal laws are different than state laws, so while the Federal Department of Labor says lifeguards are exempt from the minimum wage requirement, SD state laws do not allow that exemption. The Council directed Smith to pay those employees that were making less than State minimum wage going back to January 1, 2018.

Discussed alley that is overgrown with trees. A tree fell on a resident's fence during a storm. Sieverding will clear as much as possible then call in a tree service to cut down the largest trees. Council authorized Sieverding to spend up to \$2000 to hire a tree service. Reviewed the 2016-2017 Audit and copies of the audit were handed out to the council.

HEARING OF THOSE PRESENT: Peggy Jesse reported her recycling has not been getting picked up and that it appears Addy Disposal is driving the big garbage trucks on city streets, rather than the small pickups. Sieverding will follow up with Addy Disposal. Reminder, Recycling is picked up on the 2nd and 4th Fridays of the month. Recycling is not picked up on the 1st, 3rd or 5th Friday, which sometimes leads to three weeks between recycling pickup. Additionally, when there is a major holiday, trash pickup moves to Saturday. These dates are posted on Addy's website as well as the city's website on the home page on the left side. If you have issues with your garbage service, please first try contacting Addy directly. If they have not fixed the issue, please contact the city.

EXECUTIVE SESSION: None

Motion by Heumiller, 2nd by Painter to Adjourn at 8:57 pm. All Approved.

Attest: _____

Sara Smith
Finance Officer

Published once at the approximate cost of _____

Paul Klaudt
Mayor