

## Finance Committee Meeting

August 3, 2017

The Finance Committee met Thursday, August 3, 2017 at 6:00 p.m. in the City Hall Conference room. Present were Committee Chairperson Susanne Galbraith and Committee Members Rick Huber, Kathy Wilcox and Dwayne Andrews.

Also present were: Airport Manager Jeff Langkau, Airport Commission Chairperson Doug Phair, Mayor John Hollowell, and Deputy City Clerk/Recorder Linda Wilkins.

Committee Chairperson Galbraith called the meeting to order.

### 1. Request of Citizens-

Urban Renewal Commissioner Kelly Klem wanted to modify the budget submitted earlier in July that will be presented to City Council next Tuesday to include a couple of items. 1) \$5,800 repayment to the City; and 2) balance of dollars to go to payroll. They are anticipating receiving taxes of approximately \$20,000 to \$ 25,000. He also submitted a letter prepared by Program Assistant/Historic Preservation Officer/TIF Director Connie Muggli.

### 2. Review and Recommendation on Airport Land Purchase

Commissioner Phair commented that Mr. Ben Holman owns property in the Champion Subdivision adjacent to airport property and would like to purchase 2 acres of airport property. The Airport Commission has agreed that the two acres are unusable by the airport since it is located in a ravine. Airport Manager Langkau has talked to DOWL about doing a survey which is required by the FAA as proof that the property being sold is for non-aeronautical use. Mr. Holman said he would bear all of the costs of acquiring the land, so the Airport came up with \$2,000 per acre, a cost of about \$5,000 for the survey by DOWL to be submitted to the FAA for approval, \$2,600 for engineering by KLJ. The Airport Commission has no authority to sell property and wanted to make sure to get proper approval to sell the land. Chairperson Galbraith stated that the sale of the land would have to go through the public bidding process. Commissioner Phair can see this as problematic since someone else could possibly purchase the property. Committee Member Andrews suggested the possibility of granting an easement then the land would not have to go out for bid and the easement would go into perpetuity as long as the use of the land doesn't change. He also commented that the cost to Mr. Holman to grant the easement could be the upfront costs. Then you would not have to put the property out for bid. After further discussion, it was decided that the Airport Commission would meet with Planner II Colton and study what needed to be done to grant use of this property to Mr. Holman either through sale, lease or easement.

*\*\*Committee Member Wilcox moved to recommend the Airport Manager and others talk with the City Planner and iron out details as to what is needed, seconded by Committee Member Andrews. On roll call vote, the motion passed 4-0*

**3. Review and Recommendation on Wage Increase for Planner II and Public Works Director**

Scratched.

**4. Review and Recommendation on Resolution 4100: A Resolution Establishing Procedures for the Sale and Lease of City Lands**

Planner II Colton asked if there were any questions regarding the resolution. Committee Member Andrews questioned if easements should be addressed through this policy. Mayor Hollowell stated that easements come on a request basis and the Council approves or disapproves. Committee Member Wilcox thought there should be guidelines for easements, but needed to be addressed elsewhere. Planner II Colton explained she included for adoption the Standard Form of Lease as a template to be adopted with this resolution. This lease form would be customized for each lease. Regarding Section D. "Maintenance" there was discussion regarding changing the language under Section 3. Appraisal Item "a" to: "comparing two different real estate brokers' opinions on the value of the property, if through these brokers' estimates it was determined that the property value was more than \$10,000 an appraisal must be obtained from an appraiser". Darren Leidholt, 1817 Daly said he is considering leasing property from the City and asked where the city was in this process and what protection there is to the leasee if they make improvements to the property. Mayor Hollowell stated that after recommendation by this committee the resolution would move on to City Council. Chairperson Galbraith pointed to Section 4. "Extension of Leases with Substantial Permanent Improvements" to answer the last part of Mr. Leidholt's question that when improvements are made that the leasee has first right to purchase the property. Planner II Colton went back to the standard lease agreement. She had questions regarding Section D. "Maintenance" and asked the committee if fencing should be required for businesses such as junkyards when there is an accumulation of junk. Committee Member Wilcox said the lease language states that tenants are to keep property in order so that it does not create a public nuisance. Committee Member Huber pointed out that some businesses sublease to other businesses and how do you control subleasees. Committee Member Wilcox stated as a subleasee you agree to the lease conditions. Committee Member Andrews said the Industrial Park should have something in line so that it does not look junky even if it is a junkyard. He also questioned the subleasing of property. Committee Member Huber thought the City needs to be inviting for future businesses. Committee Member Andrews stated that there was nothing discussed in the lease about cleaning up property during the term of the lease. Chairperson Galbraith commented under default this was addressed and that the leasee was given 30 days to remedy whatever was in default. Committee Members agreed that under Maintenance the Code Enforcement Officer should be identified as the individual who will enforce lease requirements during the term of the lease. Committee Member Huber suggested a cleaning deposit upon initial lease of the property and then upon termination of the lease the deposit would be returned on satisfactory clean-up of the property. Committee Member Wilcox suggested the cleaning deposit would be collected at the time the lease is executed and the amount of deposit will be determined on the use of the land. Planner

Planner II Colton will add language to the lease regarding cleaning deposits and have City Attorney Rice review. She said an environmental warranty is included in the lease to address hazardous material. There would be an inspection at the end of the lease by the Code Enforcement Officer and if there was environmental contamination the Fire Inspector would be contacted, they have training in environmental clean-up. Planner II Colton wanted suggestions on the 24-hour notification for inspection. Committee Members agreed to leave it at 24-hours. Item J. "Insurance" Colton questioned the wording about workers' compensation coverage, is it only for commercial property or can you require it for agricultural. Chairperson Galbraith suggested adding "as required by the state of Montana". Section 7. "Default" Planner II Colton stated it says 30 days to fix what has been damaged. Typically the time allotted is 30 days plus an additional 60 days, if requested. Committee Members suggested to leave it at 30 days and if they are working on the damage according to the terms of the lease an additional 60 days can be added. If additional time beyond the 60 days is requested, the tenant must submit their request to City Council for approval or denial. Planner II Colton will work on the revisions presented by the members of the committee.

*\*\*Committee Member Wilcox moved to recommend to Council for approval of Resolution 4100 as revised and adoption of Exhibit A as the standard form lease agreement, seconded by Committee Member Andrews. On roll call vote, the motion passed 4-0*

**5. Review and Recommendation on Resolution 4082: A Resolution approving work plan and budget for FY 17/18 for tourism business improvement district 101, and providing for hearing thereon**

*\*\*Committee Member Andrews moved to recommend approval of Resolution 4082, seconded by Committee Member Wilcox.*

Mayor Hollowell commented this money is used for broad advertising and when the Bakken was at its peak the funding provided by this district was \$120,000. He also stated that John Laney of the Chamber is always looking for advertising gimmicks to use these dollars for and if there were any ideas to contact Mr. Laney.

*\*\*On roll call vote, the motion passed 4-0*

**6. Discussion on Signage at Denton Sports Complex**

Chairperson Galbraith spoke to City Clerk Pearce about the money received for signage by the ball clubs and it basically goes towards lighting. Mayor Hollowell suggested a surcharge going to the City to help with repairs and maintenance of the ball fields. Committee Member Huber stated there was an initial cost for the sign that goes to Miles City Youth Baseball and then every year thereafter there is a subscription fee. He thought the initial fee was \$400 and about \$250 each year. Mayor Hollowell thought maybe 10% of the revenues could be money accumulated for maintenance of the fields. Chairperson Galbraith will talk to Public Works Director Scott Gray about this and get a policy developed for signage at Denton Field Sports Complex.

7. **Discussion on Business Licenses**

Chairperson Galbraith postponed until another finance meeting.

8. **Adjournment**

*\*\*Committee Member Huber moved to adjourn the meeting, seconded by Committee Member Wilcox and **passed** unanimously, 4-0.*

The meeting was adjourned at 7:40 p.m.

  
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**Susanne Galbraith, Chairperson**

  
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**Linda Wilkins, Recorder/Deputy City Clerk**