



CITY OF MILES CITY AGENDA

*Regular Council Meeting
City Council Chambers*

*April 24, 2018
7:00 p.m.*

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

1. APPROVAL OF COUNCIL MINUTES/COMMITTEE MINUTES

- | | |
|-------------------------------------|-----------|
| A. Regular City Council Meeting | 4/10/2018 |
| B. Finance Committee Meeting | 4/05/2018 |
| C. Public Service Committee Meeting | 4/05/2018 |

2. SCHEDULE MEETINGS

3. REQUEST OF CITIZENS & PUBLIC COMMENT

Update- Keep Miles City Beautiful and Great American Clean Up

4. APPOINTMENTS

5. PROCLAMATIONS

6. STAFF REPORTS

7. CITY COUNCIL COMMENTS

8. MAYOR COMMENTS

9. COMMITTEE RECOMMENDATIONS

10. BID OPENINGS

11. BID AWARDS

12. PUBLIC HEARINGS

13. UNFINISHED BUSINESS

14. NEW BUSINESS

- A. Approve request of 4th of July Committee to close Main Street on July 4th from 8am to noon, use of Riverside Park all day including all structures at no charge, a police escort for the parade and use City signage/barricades to implement closure
- B. RESOLUTION NO. 4145- A Resolution Approving a Department of Administration Local Government Services Bureau Standard Audit Contract for Financial Audit Services Between the City of Miles City and Olness & Associates, PC, CPA's
- C. RESOLUTION NO. 4146- A Resolution Approving a Task Order Between the City and Kadrmas, Lee & Jackson, Inc., For Services Related to the Water Treatment Plant Clearwell Improvements Project

- D. **RESOLUTION NO. 4147- A Resolution Approving the FY2019 Eastern Montana Drug Task Force Memorandum of Understanding**
- E. **RESOLUTION NO. 4148- A Resolution Adopting a Revised Purchasing Policy for the City of Miles City, Montana**
- F. **RESOLUTION NO. 4149- A Resolution Approving a Revocable License for Non-Federal Use of Real Property Between the City of Miles City and the U.S. Department of Veterans Affairs for RSVP Offices**
- G. **RESOLUTION NO. 4150- A Resolution Approving a Revocable License for Non-Federal use of Real Property Between the City of Miles City and the U.S. Department of Veterans Affairs for Police Department Offices**
- H. **RESOLUTION NO. 4151- A Resolution Authorizing the City of Miles City to Enter Into a Sales Agreement for Purchase of a 2018 Ford MR250 Ambulance with Sawtooth Emergency Vehicles, Inc.**
- I. **RESOLUTION NO. 4153- *(First Reading)* A Resolution Establishing Revised Rates for Labor & Equipment**
- J. **RESOLUTION NO. 4154- A Resolution Approving an Agreement for Professional Services With Kadrmas, Lee & Jackson, Inc., for Professional Services at Frank Wiley Field**
- K. **RESOLUTION NO. 4155- A Resolution Approving Terms for a Bridge Loan With the Montana Community Development Corporation, For Construction of Fire Training Building**

15. ADJOURNMENT

Public comment on any public matter that is not on the agenda of this meeting can be presented under Request of Citizens, provided it is within the jurisdiction of the City to address. Public comment will be entered into the minutes of this meeting. The City Council cannot take any action on a matter unless notice of the matter has been made on an agenda and an opportunity for public comment has been allowed on the matter. Public matter does not include contested cases and other adjudicative proceedings

MINUTES

REGULAR COUNCIL MEETING April 10, 2018

7:00 p.m.

CALL TO ORDER

The Regular Council meeting was held Tuesday, April 10, 2018, in the City Hall Conference Room at City Hall, 17 S. 8th Street, Miles City, Montana. Mayor John Hollowell called the meeting to order. Council Members present were Brant Kassner, Dwayne Andrews, Ken Gardner, John Uden, Rick Huber, Jeff Erlenbusch, Kathy Wilcox and Susanne Galbraith.

Also present were City Attorney Dan Rice, Public Works Director Scott Gray, Police Chief Doug Colombik, Fire Chief Branden Stevens, Public Utilities Director Tom Speelmon, Battalion Chief Mike Miller and City Clerk/Minute Recorder Lorrie Pearce.

PLEDGE OF ALLEGIANCE

Mayor Hollowell led the Council in the Pledge of Allegiance.

APPROVAL OF COUNCIL & COMMITTEE MINUTES

City Council Minutes: 3/27/2018

****** *Councilperson Galbraith moved to approve the minutes of the Regular Council Meeting of March 27, 2018, and seconded by Councilperson Uden. The motion **passed** by unanimous consent, 8-0.*

Public Safety Committee: 4/03/2018

****** *Councilperson Gardner moved to approve the minutes of the Public Safety Committee Minutes of April 3, 2015, and seconded by Councilperson Galbraith. The motion **passed** by unanimous consent, 8-0.*

SCHEDULE MEETINGS

The following meetings will be held in the City Hall Conference Room:

- Human Resource: Thursday, April 19th @ 5:15 p.m.
- Finance: Thursday, April 19th @ 6:00 p.m.
- Public Service: Wednesday, April 25th @ 5:30 p.m.

REQUEST OF CITIZENS & PUBLIC COMMENT

Resident Ken Thueringer, 915 Alice requested a handicap sign be installed by his rental property on 1010 Garland. He explained that everyone from Garfield

School parks in front of his house and makes it hard for him and his wife to get from the street to the house. He asked if the City could make the school faculty park their vehicles on one side or in its yard.

Walleye Unlimited Representative Duncan Bartholomew updated Council by saying that a second jetty will be installed at Spotted Eagle. It will be straight across the lake from where the first one was installed. There was no objection from Council.

APPOINTMENTS

None

PROCLAMATIONS

None

STAFF REPORTS

Scott Gray- Asked if Council could meet at Bender Park to discuss what the City wants to do with the building after the fire. He explained that the bathrooms will need to be upgraded to ADA guidelines, all electrical replaced and the concession room will need to be moved. Once he gets an idea of how much money the City wants to spend then he can advertise the project to receive bids. A Special Council Meeting was set up for April 18th at 6:30 pm. Other items he discussed were the Miles City Star article noting that the Christmas lights destroyed were the City's. He explained that they were the Chamber of Commerce lights. The asphalt recycler broke down and the City crew will start to fill the swimming pool next week. City crews will start with Strevell Street on the Darling project.

Branden Stevens- Reported Miles City Fire Rescue officers are going to instruct a fire training this weekend, Rescue one (1) is back in service, smoke detector installation days are April 27th & 28th, blood drive is May 9th from 11am to 3pm and Captain Lewin will be putting on an EMT class this summer.

Lorrie Pearce- Invited Council to the Institute training in Billings, and asked Council to consider moving committee meetings back one week. She said that it makes it very hard to get resolution or ordinances ready for the agenda if the meetings are one to two days from publication deadline. Also, it is almost impossible to get the committee minutes completed before the deadline. She thought it makes sense to get the minutes on the agenda so Council can be informed of any discussion on recommendations sent to Council.

CITY COUNCIL COMMENTS

John Uden- Will be gone May 9th through May 18th. Also Chief Colombik reported to him that the Veterans Hospital will be charging the police department \$10 a square foot for rent, which will add to approximately \$50,000 a year. No date was given to Chief Colombik, but Councilperson Uden suggested the City gets very serious on looking for a new location.

Rick Huber- Talked to County Commissioner Holmlund and he said there was nothing to report on the VA building.

MAYOR COMMENTS

Mayor Hollowell announced that Building Inspector Dennis Hirsch received an award for outstanding leadership representing the State of Montana.

COMMITTEE RECOMMENDATIONS

Finance- Approve USDA's 20 year loan for Training Center

****** *Councilperson Galbraith moved to approve the Bridge term sheet for eight months, striking the term and condition "submission of account information or voided check for ACH payment processing", and seconded by Councilperson Andrews.*

Battalion Chief Miller explained that the United States Department of Agriculture is looking for approval on the Bridge loan terms. The loan schedule would be provided at a later date after the construction. Attorney Rice said it would be alright to approve the terms and condition provided, but if USDA wants a different bridge loan document signed, then a resolution would be needed.

****** *The motion passed by unanimous consent, 8-0.*

BID OPENINGS

None

BID AWARDS- New Type 2 Ambulance

****** *Councilperson Galbraith moved to approve the bid received from Sawtooth and seconded by Councilperson Huber. On roll call vote, the motion passed by unanimous consent, 8-0.*

PUBLIC HEARINGS

A. **ORDINANCE NO. 1323- An Ordinance Section 2-53 of the Code of Ordinances of Miles City, Montana, to Call for City Council Meetings to Begin at 6:00 p.m.**

Mayor Hollowell called for comments from proponents three times, then opponents three times and, hearing none, the hearing was closed.

B. **ORDINANCE NO. 1324- An Ordinance Amending Ordinances 1073, 1262, 1277, 1295 and 1308, Revising "Administration Rules of the City of Miles City Water and Sewer Services, Accounts, Delinquencies and Termination"**

Mayor Hollowell called for comments from proponents three times, then

opponents three times and, hearing none, the hearing was closed.

UNFINISHED BUSINESS

- A. **ORDINANCE NO. 1323-** *(Second Reading)* **An Ordinance Section 2-53 of the Code of Ordinances of Miles City, Montana, to Call for City Council Meetings to Begin at 6:00 p.m.**

** *Councilperson Uden moved to approve the Ordinance, read by title only and seconded by Councilperson Kassner. On roll call vote, the motion **passed** by unanimous consent, 7-1 with Councilperson Kassner voting no. Ordinance No. 1323 passed.*

- B. **ORDINANCE NO. 1324-** *(Second Reading)* **An Ordinance Amending Ordinances 1073, 1262, 1277, 1295 and 1308, Revising “Administration Rules of the City of Miles City Water and Sewer Services, Accounts, Delinquencies and Termination”**

** *Councilperson Galbraith moved to approve the Ordinance, read by title only and seconded by Councilperson Huber. On roll call vote, the motion **passed** by unanimous consent, 8-0. Ordinance No. 1324 passed.*

NEW BUSINESS

- A. **RESOLUTION NO. 4142-** **A Resolution Authorizing the City of Miles City to Enter Into a Sales Agreement for Ambulance With Sawtooth Emergency Vehicles, Inc.**

** *Councilperson Gardner moved to approve the Resolution, read by title only and seconded by Councilperson Galbraith. On roll call vote, the motion **passed** by unanimous consent, 8-0. Resolution No. 4142 passed.*

- B. **RESOLUTION NO. 4143-A Resolution Waiving Deposit and Rental Fees for Milestown Community Improvement, Inc., For Use of the Ryno Bandshell in Riverside Park for a Period of Ten Year**

** *Councilperson Uden moved to approve the Resolution, read by title only and seconded by Councilperson Andrews.*

* *After a short discussion, on roll call vote, the motion **passed** by unanimous consent, 8-0.*

Resolution No. 4143 passed.

C. RESOLUTION NO. 4144- A Resolution Waiving Rental Fees for the Miles City Kiwanis for use of the Lions Shelter in Riverside Park, and the Kiwanis Shelter in Wibaux Park for a Period of Ten Years

****** *Councilperson Galbraith moved to approve the Resolution, read by title only and seconded by Councilperson Huber. On roll call vote, the motion **passed** by unanimous consent, 8-0. Resolution No. 4144 passed.*

D. Approval of March Claims

****** *Councilperson Galbraith moved to approve the March claims, seconded by Councilperson Erlenbusch and **passed unanimously, 8-0.***

ADJOURNMENT

****** *Councilperson Uden moved to adjourn the meeting, seconded by Councilperson Huber and **passed unanimously.***

The meeting was adjourned at 8:40 p.m.

John Hollowell, Mayor

Lorrie Pearce, City Clerk

Finance Committee Meeting

April 5, 2018

The Finance Committee met Thursday, April 5, 2018 at 6:00 p.m. in the City Hall Conference room. Present were Committee Chairperson Susanne Galbraith and Committee Members Rick Huber, Dwayne Andrews and Kathy Wilcox.

Also present were: Fire Chief Branden Stevens, Battalion Chief Mike Miller and City Clerk/Recorder Lorrie Pearce.

Committee Chairperson Galbraith called the meeting to order.

1. Request of Citizens:

None

2. Discussion and recommendation on ambulance bids received

Chief Stevens said the City received one bid from Sawtooth for an amount of \$124,844. The bid covered everything that was requested.

*** Committee Member Andrews moved to recommend to Council to approve Sawtooth's ambulance bid, seconded by Committee Member Wilcox. On roll call vote, it passed 4-0*

3. Discussion and recommendation on USDA's loan for the training center

*** Committee Member Galbraith moved to recommend the 30 year loan and if needed change at a later date, seconded by Committee Member Andrews.*

Battalion Chief Miller presented the loan schedule:

- \$250,000 is not the exact cost for the project, final number will probably be around \$246,000 to \$247,000
- Will be receiving professional advice on building cement blocks and City will help with leveling the area where the building will stand. Saving around \$25,000
- Battalion Chief Miller is training seven other firefighter to be instructors
- Explained the bridge loan. It is the construction section, where the cost of the invoices will be added to the loan for a total sum. This sum will transfer to the amount of the loan in January 2019
- Discussion on the 20 year versus the 30 year. The 20 year loan will cost the City an extra \$4,000 a year until paid. The 30 year loan will cost about \$2,000 extra a year. The Committee thought that the 20 year loan would be better because the interest is much lower.
- It will take 90-120 days to build the center
- Fire crew will host a question and answer day for the community

*** Committee Member Galbraith amended her motion to recommend to Council to accept the 20 year loan from USDA, seconded by Committee Member Andrews. The amended motion passed 4-0*

4. RESOLUTION 4142- A Resolution Authorizing the City of Miles City to Enter Into a Sales Agreement for Ambulance With Sawtooth Emergency Vehicles, Inc.

*** Committee Member Andrews moved recommending to Council the approval of the Resolution, seconded by Committee Member Huber. The motion passed 4-0*

5. ORDINANCE NO. 1323- An Ordinance Section 2-53 of the Code of Ordinances of Miles City, Montana, to Call for City Council Meetings to Begin at 6:00 p.m.

*** Committee Member Wilcox moved to recommend to Council to approve the Ordinance, seconded by Committee Member Huber.*

There was a short discussion as to whether an amendment should be added to the Ordinance so Council can change the time by Resolution.

*** Committee Member Wilcox moved to amend adding Section 2 to say "Include the authority for Council to change time by Resolution", seconded by Committee Member Huber. The original and amended motion passed 3-1 with Committee Member Andrews voting no*

6. ORDINANCE NO. 1324- An Ordinance Amending Ordinances 1073, 1262, 1277, 1295 and 1308, Revising "Administration Rules of the City of Miles City Water and Sewer Services, Accounts, Delinquencies and Termination"

*** Committee Member Huber moved recommending to Council the approval of the Ordinance, seconded by Committee Member Wilcox.*

Clerk Pearce explained the changes:

- Page 1, under Section 2 the last sentence was added
- Page 3, under Section 2 the last 2 sentences were added and it was also added to the seller/landlord agreement form

*** The motion passed 4-0*

7. Adjournment

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

The meeting was adjourned at 7:00 p.m.

Susanne Galbraith, Chairperson

Lorrie Pearce Recorder/City Clerk

PUBLIC SERVICE COMMITTEE MEETING
April 5, 2018

The Public Service Committee met Thursday, April 5, 2018 at 5:30 pm in the City Hall Conference Room, 17 S. 8th Street, Miles City, Montana. Present were Committee Chair John Uden and Committee Members; Dwayne Andrews, Ken Gardner and Kathy Wilcox.

Also present were: Public Works Director Scott Gray and Minute Recorder Ally Capps.

1. Request of Citizens/Public Comment
-None-

2. Discussion and Recommendation to Council; Kiwanis, Lions Shelter in Riverside Park Waiving Variance and Rental Fees.

*** Committee Member Andrews made a motion to waive rental fees for the Kiwanis Lions Shelter and Riverside Park for a period of ten years, starting this summer, seconded by Committee Chair Uden.*

Representing Kiwanis, Brandon Janshen 70 Spruce Drive, presented to the Committee that the Kiwanis are only seeking to have the rental fees waived for Wibaux Park and Riverside Park the Kiwanis were hoping to have the waiver extended, currently the Kiwanis go before Council Annually. The Committee, Director Gray and Citizen Janshen discussed the pro and cons of an extended agreement.

***Committee Member Wilcox amended the Motion to state, a period of five years for the rental agreement, seconded by Committee Member Gardner. On roll-call vote, motion **failed** 1-3. Committee Members Uden, Andrews and Gardner opposed.*

** On a roll-call vote, the original Motion **passed** 3-1. Committee Member Wilcox opposed.*

3. Discussion and Recommendation to Council; MCI², Ryno Band Shell in Riverside Park waiving Rental, Variance Fees and Deposit.

Representing MCI², Brandon Janshen 70 Spruce Drive, presented to the Committee, MCI² is only asking if rental and deposit fees be waived for the Ryno Band Shell at Riverside Park. Variance fees would be paid by MCI². Citizen Janshen asked the Committee if an agreement for the deposit and rental fees be waived for an extended period.

*** Committee Member Andrews made a motion to waive the rental and deposit fees for MCI² for their use of the Ryno Band Shell in Riverside Park for a period of ten years, seconded by Committee Member Gardner. On a roll-call vote, the Motion **passed 3-1**. Committee Member Wilcox opposed.*

4. Adjournment

***Committee Member Wilcox moved to adjourn, seconded by Committee Member Andrews, motion **passed** unanimously.*

John Uden, Chairperson

Ally Capps, Recorder

NEW BUSINESS

RESOLUTION NO. 4145

A RESOLUTION APPROVING A DEPARTMENT OF ADMINISTRATION LOCAL GOVERNMENT SERVICES BUREAU STANDARD AUDIT CONTRACT FOR FINANCIAL AUDIT SERVICES BETWEEN THE CITY OF MILES CITY AND OLNES & ASSOCIATES, PC, CPA'S

WHEREAS, the City of Miles City requires professional audit services, and wishes to retain the services of Olness & Associates, PC, CPA's of Billings, Montana, to provide such services;

AND WHEREAS, Olness & Associates, PC, CPA's have provided a three year contract for audit services for approval by the City;

NOW THEREFORE BE IT RESOLVED by the City Council of Miles City, Montana, as follows:

1. That the Department of Administration Local Government Services Bureau Standard Audit Contract, attached hereto as Exhibit "A," is hereby approved and adopted by the City Council of the City of Miles City;

2. That the Mayor of the City of Miles City his hereby authorized and empowered to execute such Contract on behalf of the City, and to bind the City thereto;

3. That the Mayor is hereby authorized to execute such additional documents as may be necessary to carry out the terms of said Contract.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A DULY CALLED MEETING THIS 24th DAY OF APRIL, 2018.

John Hollowell, Mayor

ATTEST:

Lorrie Pearce, City Clerk

DEPARTMENT OF ADMINISTRATION
LOCAL GOVERNMENT SERVICES BUREAU
STANDARD AUDIT CONTRACT

THIS CONTRACT is made this 4th day of April, 2018, by and between

OLNESS & ASSOCIATES, PC

Certified or Licensed Public Accountant

("Contractor"),

CITY OF MILES CITY

Governmental Entity

("Entity"),

and the **Montana Department of Administration, Local Government Services Bureau, ("State")**, PO Box 200547, Helena, MT 59620-054 acting under the authority of Title 2, Chapter 7, Part 5, of the Montana Code Annotated.

1. **State Approval:** This contract is not effective with respect to any party until it is approved and signed by the State, as required by Section 2-7-506(3), MCA. The Contractor may not begin any audit work until the State gives this approval. If the Contractor begins work before the State has approved and signed the contract and the State subsequently does not approve and sign the contract, the Contractor is not entitled to receive any compensation for the work performed.

2. **Audit Period and Payment:** This contract covers the following audit period(s):

JULY 1, 2017 to JUNE 30, 2020.

A. The Entity shall pay the Contractor for the audit work on the basis of time and necessary out-of-pocket expenses, which will not exceed:

\$ 17,000.00 for initial (or sole) audit covering 07/01/2017 to 06/30/2018.

\$ 17,500.00 for subsequent audit covering 07/01/2018 to 06/30/2019.

\$ 18,000.00 for subsequent audit covering 07/01/2019 to 06/30/2020.

The Entity shall pay the fees listed in Appendices A, B & C, as applicable, which are attached hereto and incorporated by reference.

B. If the cost of any subsequent audit is not agreed upon at the time this contract is executed, the Contractor and the Entity shall negotiate the cost at a later date. The results of this negotiation will be set forth in the Appendices and made a part of this contract. The Contractor shall provide the State and the Entity with a copy of the appropriate Appendices.

C. The contract payments do not include the cost of additional work that may be required if the Contractor discovers a defalcation or material irregularity. Any change in the scope of the audit services to be provided under this contract requires a contract amendment.

2. continued:

D. The Contractor may submit interim bills to the Entity each month, based upon the estimated percentage of contract completion. The Entity may retain 10 percent of each of these estimates until the Contractor has delivered the final audit report, at which time the Entity shall release the amount retained.

3. **Audit Scope:** The Contractor shall conduct a financial statement audit of the Entity as follows:

A. The Contractor shall conduct the audit in accordance with (i) generally accepted auditing standards adopted by the American Institute of Certified Public Accountants and (ii) the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The objective of the audit is the expression of the Contractor's opinion on the Entity's financial statements. The Contractor shall obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, the audit is not designed to detect error or fraud that is immaterial to the financial statements. If the Contractor's opinion on the Entity's financial statements is other than unqualified, the Contractor shall fully discuss the reasons with the Entity in advance of issuing a report. If, for any reason, the Contractor is unable to complete the audit or is unable to form or has not formed an opinion, the Contractor may decline to express an opinion or decline to issue a report as a result of the engagement.

B. The Contractor shall include tests of internal control over financial reporting, but the audit is not designed to provide an opinion on internal control or to identify significant deficiencies. The Contractor, however, shall make the Entity aware, in writing, of any significant deficiencies that come to the Contractor's attention.

C. The Contractor shall include the following tests of compliance and other matters as required by Government Auditing Standards. These tests, however, will not be designed to provide an opinion on such compliance. The Contractor shall determine whether:

(1) the Entity has complied with all appropriate statutes and regulations, as required by Section 2-7-502, MCA;

(2) the Entity has complied with the provisions of each of its revenue bond ordinances and indenture agreements;

(3) if the audit is of a county, city or town, money is or has been retained in a local charge for services fund contrary to the requirements of Sections 17-2-301 through 17-2-303, MCA, as required by Section 17-2-302, MCA. **The Contractor shall report any findings of noncompliance with the provisions of these statutes, regardless of materiality;** and

(4) if the audit is of a county or consolidated city/county government, the Entity has complied with state laws relating to receipts and disbursements of agency funds maintained by the Entity, as required by Section 2-7-505, MCA.

D. When applicable, the audit must meet all requirements of the Federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and OMB Circular A-133.

E. The audit scope with regard to federal financial assistance for each fiscal year covered by this audit contract must be as specified in Appendices A, B and C.

3. continued:

F. Except as provided below, for purposes of determining the scope of the audit, the Entity is considered the financial reporting entity as defined by the Governmental Accounting Standards Board. This provision does not preclude the Entity from engaging a different audit firm for the audit of a segment, fund or component unit of the Entity. However, both the Entity and Contractor shall notify the State whenever the Entity elects to engage a different audit firm for the audit of a segment, fund or governmental component unit. Such additional audit must be contracted for on the State's Standard Audit Contract, and the audit firm shall be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the State.

If this contract is for an audit of a segment, fund, or governmental component unit of the primary government, the Entity is considered to be the segment, fund or component unit.

G. Any school district audit must also include auditing procedures sufficient to provide an opinion as to whether the following supplemental information is fairly stated in relation to the basic financial statements:

- (1) the school district's enrollment for the fiscal year or years being audited as reported to the Office of Public Instruction in the Fall and Spring enrollment reports; and
- (2) when applicable, the extracurricular funds for pupil functions.

H. If the Entity is a school district or associated cooperative, the Contractor shall contact the State Office of Public Instruction and the county superintendent of schools before or during the audit of the Entity. The Contractor shall determine whether those offices are aware of potential financial or legal compliance problems relating to the Entity that could affect the scope of the audit.

I. The Contractor shall immediately notify the Entity and the State in writing of any material irregularities it discovers. If the Entity is a school district or special education cooperative, the Contractor shall also immediately notify the State Office of Public Instruction in writing.

J. The Contractor shall provide the Entity with a copy of its most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the contract period.

K. The Contractor shall notify the Entity of all proposed audit adjustments and, if the Entity concurs, shall obtain written acceptance of these proposed adjustments. The State reserves the right to request documentation of these proposed and accepted audit adjustments.

4. **Entity's Responsibilities:** The Entity shall be responsible for:

- A. its basic financial statements, including note disclosures;
- B. all supplementary information required by GASB and by provisions of this contract;
- C. establishing and maintaining effective internal control over financial reporting, including internal controls related to the prevention and detection of fraud;
- D. ensuring that it complies with the laws and regulations applicable to its activities;

4. continued:
 - E. making all financial records and related information available to the Contractor;
 - F. the schedule of expenditures of federal awards required for audits conducted under OMB Circular A-133;
 - G. approving all proposed audit adjustments before posting, if the Entity concurs with the proposed adjustments;
 - H. adjusting the financial statements and accounting records to correct material misstatements and to agree with the audited financial statements; and
 - I. providing the Contractor, at the conclusion of the audit engagement, with a letter that confirms certain representations made during the audit, including an affirmation that the effects of any uncorrected misstatements aggregated by the auditor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
5. **Dates for Annual Financial Report or Trial Balance of Accounts:** The Entity shall prepare its annual financial report or a trial balance of accounts no later than the dates specified in Appendices A, B and C. If the Entity is unable to prepare its annual financial report or trial balance by the date specified in the Appendices, the Entity shall notify the Contractor and the State in writing prior to the specified dates.
6. **Beginning the Audit:** The Contractor shall begin the audit field work based on the schedule established in Appendices A, B and C. Under Section 2-7-503(3)(a), MCA, all audits must commence within nine months from the close of the last fiscal year of the audit period.
7. **Completion of Audit:** The Contractor shall deliver the audit report to the Entity and the State, based on the schedule established in Appendices A, B and C. If the Contractor cannot deliver the audit report to the Entity and the State on the date specified in the Appendices, the Contractor shall notify the Entity and the State in writing of that fact, and the reason(s) therefore. Under Section 2-7-503(3)(a), MCA, all audits must be completed and the reports issued within one year from the close of the last fiscal year covered by the audit. If the audit is conducted in accordance with the provisions of OMB Circular A-133, the Contractor shall also complete the audit and issue the audit report within the time period required by that Circular, unless a longer period has been agreed to in advance by the federal cognizant or oversight agency for audit. If the Entity has requested and received an extension of the A-133 due date from a federal agency, the Entity shall submit a copy of the approved extension to the State.
8. **Audit Presentation:** The final audit report must contain basic financial statements and required supplementary information consistent with financial reporting standards in effect for the year or years being audited, as established by the Governmental Accounting Standards Board. In addition, other supplementary information required by provisions within this contract and by OMB Circular A-133 must also be included, if applicable.
 - A. The final audit report must also contain any other financial statements and supporting schedules and information as agreed upon by the Entity and Contractor.
 - B. The financial statements presented must be in accordance with the financial reporting standards in effect for the year or years being audited, as described above. If the accounting records or other circumstances do not permit financial statements to comply with these requirements, the Contractor shall notify the

8. continued:

State of those conditions and describe the financial statements that will be presented. The applicable auditor's reports must also be modified as required to reflect a departure from generally accepted accounting principles.

- C. If the audit is of a school district with separate elementary and high school district general funds, the general funds must be combined as a single major fund. All other funds must be separately considered for major fund criteria.
- D. If the audit is a biennial audit covering two years, the Contractor shall present complete financial statements as specified above for each year covered by the audit. However, note disclosures for both fiscal years may be in one set of notes, with separate fiscal year disclosures as necessary. The two years must be presented under one audit report cover and opined upon in one Independent Auditor's Report.

9. **Auditor's Reports:** All audit reports must contain the following auditor's reports, which must comply with applicable professional standards in effect for the fiscal year or years being audited:

- A. an independent auditor's report on the financial statements of the Entity;
- B. a report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards. If applicable, this report must include information about fraud, illegal acts, significant violations of provisions of contracts or grant agreements, and significant abuse, or indications of these acts.
- C. a report disclosing any lack of compliance with State statutes, rules, regulations, or ordinances that would not have a material effect on the financial statements, but of which the Contractor becomes aware during the course of the audit. This report must be referred to in the report required in 9.B. above. This report may be combined with other reports if appropriate, or the findings may be included in a management letter. If included in a management letter, that letter must be included as a part of, or accompanying, the audit report.
- D. a report on any supplemental schedules or information presented, if any such schedules or information are presented in the audit report. This report may be given in a supplemental information paragraph of the auditor's report on the financial statements (9.A. above), or in a separate report. For the following supplemental information, the Contractor shall report on whether the information is fairly stated, in all material respects, "in relation to" the financial statements as a whole, unless the condition of the financial records do not allow the auditor to render such an opinion:
 - Supplemental schedule of school district enrollment required in paragraph 11.A;
 - Supplemental schedule of school district extracurricular fund financial activities required in paragraph 11B; and
 - Supplemental schedule of expenditures of federal awards required by OMB circular A-133 and in paragraph 10.A.
- E. a report disclosing the action taken by the Entity to correct any deficiencies or implement any recommendations contained in the prior audit report. This report must be in a format that specifically identifies, by title or summary, each deficiency or recommendation contained in the prior audit report and the action taken by the Entity on each such deficiency or recommendation.
- F. If the Contractor includes audit findings in the reports referenced in 9.B. and 9.C. above or in a

9. continued:

management letter, the views of Entity officials and their planned corrective actions must also be included, as required by Government Auditing Standards, if they are available at the time the Contractor files copies of the audit report with the State. If the views and planned corrective actions are not available at that time, the Contractor shall so indicate in the reports.

10. **Single Audits:** All audit reports for single audits done in accordance with OMB Circular A-133 must also contain the following:

A. a schedule of expenditures of federal awards. As required by OMB Circular A-133, the schedule must:

- (i) list individual federal programs by federal agency. For federal programs included in a cluster of programs, list individual federal programs within a cluster of programs;
- (ii) for federal awards received as a subrecipient, include the name of the pass-through entity and identifying number assigned by the pass-through entity;
- (iii) provide total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA information is not available;
- (iv) include notes that describe the significant accounting policies used in preparing the schedule;
- (v) to the extent practical, for pass-through entities identification in the schedule of the total amount provided to subrecipients from each federal program; and
- (vi) in either the schedule or a note to the schedule, the value of the federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

B. a report on the schedule of expenditures of federal awards. This report may be combined with other reports as provided by OMB Circular A-133 and professional standards. This report must comply with applicable professional standards in effect for the fiscal year or years being audited.

C. a report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133. This report must refer to the separate schedule of findings and questioned costs described in paragraph 10.D. of the contract. This report must comply with applicable professional standards in effect for the fiscal year or years being audited.

D. a schedule of findings and questioned costs which must include the information required by OMB Circular A-133.

E. the corrective action plan required by OMB Circular A-133, if that plan is available at the time the Contractor files copies of the audit report with the State. This corrective action plan may be combined with the Entity's planned corrective actions related to findings reported in accordance with Government Auditing Standards, as provided in paragraph 9.F., above.

11. **School Districts:** School district audit reports must also include the following as supplemental

11. continued:
information/schedules:
 - A. a schedule of the district's enrollment as reported to the Office of Public Instruction for the fiscal year or years being audited. The schedule must contain the enrollment both as reported in the Fall and Spring enrollment reports and as documented by the school district's enrollment records; and
 - B. a detailed schedule of extracurricular fund financial activities.
12. **Written Report to Entity:** The Contractor shall render a single, written report for the Entity audited. **The report must include, or be accompanied by, all written reports and letters discussing findings and recommendations from the Contractor to the Entity, including but not limited to the reports and schedules referred to in paragraphs 9 and 10 above as well as any management letters that include findings and recommendations.**
13. **Exit Interview:** Before submitting the final audit report, the Contractor shall hold an exit review conference in which the audit results are discussed with those charged with governance and appropriate Entity officials and employees. **The Contractor shall ensure that all members of the governing body and key members of management are notified of this exit conference.** The Contractor further agrees that before submitting the final report, it will not discuss the audit findings with anyone other than the Entity or the State. However, once the Contractor delivers the final audit report, the report is deemed to be a public record.
14. **Report Distribution:** The Contractor and Entity shall file copies of the audit report as specified below:
 - A. The Contractor shall provide the Entity with the number of copies of the audit report specified in Appendices A, B and C and the cost of those copies is included in the total price for the engagement as set out in paragraph 2.A., above, and in the Appendices. The Contractor shall submit one of these copies to the attorney for the Entity.
 - B. Upon request by the Entity, the Contractor shall provide additional copies of the audit report at a price per copy agreed upon by the Entity and Contractor.
 - C. The Contractor shall provide the State with four copies of each audit report at no charge. **These copies must be sent to the State at the same time the Contractor delivers the final audit report to the Entity and must include any management letters that include findings and recommendations.** A letter of transmittal must accompany the State's copies, advising the State of the date of the exit conference, the date the final report was delivered to the Entity, the date of the audit report, the actual number of hours spent by the Contractor in the conduct of the audit, the total audit fees billed the Entity, whether the audit was conducted in accordance with the provisions of OMB Circular A-133, and whether there were any findings or opinion qualifications in the audit report, and, if so, whether the entity's corrective action plan or response was included as part of or submitted with the audit report.
 - D. If the Entity is a school district or associated cooperative, the Contractor shall provide copies of the audit report to the Office of Public Instruction, the county superintendent of schools, and the county attorney.
 - E. If the Entity is a city or town fire department relief association disability and pension fund, the Contractor shall provide one copy of the audit report to the city or town clerk.
 - F. If the audit is a single audit conducted in accordance with the provisions of OMB Circular A-133, the

14. continued:

Entity shall provide copies of the reporting package defined in OMB Circular A-133 and the data collection form to the federal clearinghouse designated by OMB. In addition, the Entity shall provide either a copy of the reporting package, or the alternative written notification as described by OMB Circular A-133 to all federal, state and other granting and pass-through agencies as required by Circular A-133.
15. **Entity Response:** If not included in the audit report as provided in paragraphs 9.F. and 10.E., within 30 days after receiving the audit report, the Entity shall notify the State in writing as to what action it plans to take to correct any deficiencies or implement any recommendations identified or contained in the audit report, as required by Section 2-7-515, MCA, and ARM 2.4.409. **This notification must also address any findings and recommendations contained in management letters, which are considered a part of the audit report as prescribed in paragraph 12.** If the audit is a single audit conducted in accordance with OMB Circular A-133, this corrective action plan must also meet the requirements of Circular A-133 and contain all information required by that Circular.
16. **Entity's Attorney:** If requested by the State, the attorney for the Entity shall report to the State on the actions taken or the proceedings instituted or to be instituted relating to violations of law and nonperformance of duty as required by Section 2-7-515(4), MCA. The attorney shall report to the State within 30 days after receiving the request.
17. **Certification of Auditor Independence:** The Contractor certifies that, as required by generally accepted government auditing standards, it and its principals and employees are independent in all matters with respect to this engagement. This contract shall not include non-audit services, and the Contractor shall neither arrange for nor accept non-auditing work with the Entity which could in any way impair the Contractor's independence in violation of professional standards. If required by the State, the Contractor shall document that independence has been maintained in both fact and appearance as required by professional auditing standards.
18. **Prime Contractor:** The Contractor is the prime contractor and is responsible, in total, for all work of any subcontractors. The Contractor shall obtain the **written approval of the Entity and the State before** engaging correspondent Contractors, consultants, or subcontractors to provide services in connection with this audit. **Any Contractors subcontracted to perform audit work must be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the Local Government Services Bureau.** The Contractor is responsible to the Entity and the State for the acts and omissions of all correspondent Contractors, consultants, subcontractors, or agents and of persons directly or indirectly employed by such correspondent Contractors, consultants, subcontractors or agents, and for the acts and omissions of persons employed directly by the Contractor. Further, nothing contained within this contract creates any contractual relationship between any correspondent Contractor, consultant, or subcontractor and the State.
19. **Entrance and Exit Conferences:** The State may participate in all entrance and exit conferences between the Entity and Contractor, as well as all major conferences dealing with audit exceptions and recommendations regarding accounting or operating procedures, management policies, or internal control changes.
20. **Access to Records:** The Contractor shall give the State and, when required by law, the Montana Legislative Audit Division, access to the Contractor's audit programs, supporting working papers, time records, and all other documents relating to the audit. Access to these documents must be provided at the State's offices in Helena, Montana. Access to working papers includes the right of the State to obtain copies of working papers, as is reasonable and necessary. The Contractor shall make the audit programs and supporting working papers

20. continued:
available to the State for use by the State or other public accounting firms as directed by the State in future audits of the Entity. The Contractor shall make the audit programs and supporting working papers available to the cognizant or oversight agency for audit or its designee, federal agencies providing direct or indirect funding, or the U.S. General Accounting Office, if requested. Access to working papers includes the right of federal agencies to obtain copies of working papers, as is reasonable and necessary. The Contractor shall retain the audit report, audit programs, and audit working papers for a minimum of five years from the date of the audit report, unless the State notifies the Contractor to extend the retention period. If professional standards or other applicable laws, rules, or regulations require a longer retention period, the Contractor shall retain the above materials for that specified period.
21. **State Review:** As provided by Section 2-7-522, MCA, the State may review the audit report submitted by the Contractor. If the State determines that reporting requirements have not been met, it will notify the Entity and the Contractor of the significant issues of noncompliance. The Contractor shall correct the identified deficiencies within 60 days of notification.
22. **Independent Contractor:** The Entity and the State recognize that the Contractor is an independent contractor and neither its principals nor its employees are employees of the State or Entity for purposes of tax, retirement system, or social security (FICA) withholding.
23. **Workers' Compensation:** The Contractor certifies that it carries Workers' Compensation for its employees and that it has either elected Workers' Compensation or has an approved Independent Contractor's Exemption covering the Contractor while performing work under this contract. (Montana Code Annotated, Title 39, Chapter 71) Neither the Contractor nor its employees are State employees for the purposes of this paragraph.
24. **Indemnification:** The Contractor agrees to protect, defend, and save the State and Entity, their elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omission of the Contractor and/or its agents, employees, representatives, assigns, and subcontractors, except the sole negligence of the State or Entity, under this agreement.

If the Contractor is or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of the Entity's intentional or knowing misrepresentation or provision to the Contractor of inaccurate or incomplete information in connection with this engagement, and not any failure on the Contractor's part to comply with professional standards, the Entity shall indemnify, defend, and hold harmless the Contractor against such obligations.

25. **Insurance:** Contractor shall maintain for the duration of the contract, at its cost and expense, occurrence coverage insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work by the Contractor, and/or its agents, employees, representatives, assigns, or subcontractors. The Contractor's insurance coverage shall be primary insurance for the Contractor's negligence as respects the State and Entity and their elected officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the State and Entity, their officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it

The Contractor shall purchase and maintain occurrence coverage to cover such claims as may be caused by any

25. continued:
act, omission, negligence of the Contractor or its officers, agents, representatives, assigns or subcontractors.
Note: If occurrence coverage is unavailable or cost-prohibitive, the state will accept 'claims made' coverage provided the following conditions are met: 1) the commencement date of the contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years, and 2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

The State and Entity reserve the right to require complete copies of insurance policies at all times.

26. **Compliance with Laws:** The Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provisions. In accordance with Section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.
27. **Work Accommodations:** The Entity shall provide the Contractor with reasonable space in which to conduct the audit and respond promptly to requests for information as well as for all necessary books and records. Support for clerical, equipment, and photocopying or reproduction services shall be agreed upon by the Entity and the Contractor as specified in Appendices A, B and C.
28. **Termination before Audit Has Commenced:** Before the commencement of the audit, either the Contractor or the Entity, with the State's consent, or the State, may cancel this contract by providing 20 days' written notice to the other parties. The contract may be canceled under this paragraph for cause. Cause includes, but is not limited to, failure of any party to comply with the terms of this contract or with any Administrative Rule adopted by the State under the authority of Title 2, Chapter 7, Part 5, of the Montana Code Annotated.

In addition, if both the Contractor and the Entity mutually agree to cancel this contract before the commencement of the audit, for convenience, the State shall consent to cancellation of the contract upon written notification by the Contractor and the Entity of their agreement to cancel this contract.

The State, however, will not consent to the cancellation of an audit contract for the sole purpose of allowing the Contractor and Entity to then enter into a new contract that extends the number of fiscal years to be audited by the Contractor. Unless there are extenuating circumstances, the existing audit contract must be completed first. This provision does not prohibit the cancellation of a contract for the purpose of replacing an annual audit with a biennial audit.

29. **Termination after the Audit Has Commenced:** After the audit has commenced, but before the audit report has been issued, either the Contractor or the Entity, with the State's consent, or the State, may cancel this contract for failure of any party to comply with the terms of this contract or with any Administrative Rule adopted by the State under the authority of Title 2, Chapter 7, Part 5, MCA, or for other cause. This right of cancellation may be exercised by providing the breaching party written notice of the default and, if applicable, provide 20 days from the date of the notice to cure the default. If the Contractor is the breaching party and fails to remedy the breach, then the Contractor is not entitled to the audit fee set out in this contract. If the Entity is the breaching party, the Entity shall pay the Contractor a pro rata portion of the audit fee set out in this contract, based on the percentage of work completed at the time of cancellation. In addition, if both the

29. continued:
Contractor and the Entity mutually agree to cancel this contract for convenience; the State shall consent to cancellation of the contract upon written notification by the Contractor and the Entity of their agreement to cancel this contract.
30. **Professional Requirements:** By signing this contract, the Contractor certifies that it is in compliance with the continuing professional education requirements and the external quality control review requirements as set out in Government Auditing Standards, as established by the Comptroller General of the United States. The State may require the Contractor to provide evidence that it has met the above requirements.
31. **Single Audit Act Certification:** If the audit is required to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and OMB Circular A-133, the Contractor certifies that neither it nor any of its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from performing audits by any Federal department or agency.
32. **Governing Law and Venue:** This Contract is governed by the laws of Montana. The parties agree that any litigation concerning this Contract in which the State is named as a party must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. The parties also agree that any litigation concerning this Contract in which the State is not named as a party must be brought in the Judicial District in and for the County in which the Entity is located, and each party shall pay its own costs and attorney fees.
33. **Notice:** All notices under this contract must be in writing and will be deemed given if delivered personally, by mail, certified, return receipt requested, or by e-mail. All notices will (a) if delivered personally, be deemed given upon delivery, (b) if delivered by mail, be deemed given upon receipt, or (c) if delivered by e-mail be deemed given upon receipt.
34. **Invalid Provision:** If any provision of this contract is held to be illegal or unenforceable and the parties' rights or obligations will not be materially and adversely affected, such provision will be (1) severed from the contract, (b) the contract will be interpreted as if such provision was never a part of the contract and (c) the remaining provisions will stay in effect.
35. **Authority:** Each party represents that the person signing this contract has the authority to bind that party.
36. **Entire Agreement and Amendment:** This contract and the attached Appendices contain the entire understanding and agreement of the parties. No modification or amendment of this contract is valid unless it is reduced to writing, signed by the parties, and made a part of this contract.

IN WITNESS WHEREOF, Contractor, Entity, and State have executed this Standard Audit Contract on the date first above written:

Certified or Licensed Public Accountant

OLNESS & ASSOCIATES, PC
Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

CITY OF MILES CITY
Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services Bureau**

By: _____
Approved By

Date: _____

APPENDIX A

Initial or Sole Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): CITY OF MILES CITY

Telephone: Address: PO Box 910 (Street Address or P.O. Box)
MILES CITY, MT 59301 (City/Town) (Zip Code)

Contact Person(s):

PUBLIC ACCOUNTANT/ACCOUNTING FIRM (CONTRACTOR):

OLNESS & ASSOCIATES, PC
Address: 2810 CENTRAL AVE. STE B (Street Address or P.O. Box)
252-6230 BILLINGS, MT 59102 (City/Town) (Zip Code)

Contact Person(s): BRENT OLNESS

1. Audit Period and Dates of Engagement:

- A. This audit will cover the fiscal year(s) ending JUNE 30, 2018 (and ...).
B. Date to commence audit work: 01/07/2019
C. Date to submit final audit report to Entity and State: 06/30/2019

2. Time and Price for Engagement:

- A. Estimated total hours - 200
B. Price for audit personnel \$ 17,000.00
Price for Travel
Price for typing, clerical and report preparation
Total price for this engagement \$ 17,000.00

3. The reporting entity contains the following discretely presented component units: N/A

4. Date Annual Financial Report or a trial balance will be available: July 2019

5. Number of copies of audit report Contractor will provide to Entity: AS REQUESTED

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

AS NEEDED

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

- The audit will be a single audit conducted in accordance with the provisions of OMB Circular A-133 because the Entity expended a total amount of federal awards **equal to or in excess of \$750,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

OR

- The audit will not be a single audit conducted in accordance with the provisions of OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of **less than \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

Certified or Licensed Public Accountant

OLNESS & ASSOCIATES, PC

Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

CITY OF MILES CITY

Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services Bureau**

By: _____
Approved By

Date: _____

APPENDIX B

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): CITY OF MILES CITY

Telephone: Address: PO Box 910 (Street Address or P.O. Box)
MILES CITY, MT 59301 (City/Town) (Zip Code)

Contact Person(s):

PUBLIC ACCOUNTANT/ACCOUNTING FIRM (CONTRACTOR):

OLNESS & ASSOCIATES, PC

Telephone: Address: 2810 CENTRAL AVE STE B (Street Address or P.O. Box)
252-6230 BILLINGS, MT 59102 (City/Town) (Zip Code)

Contact Person(s): BRENT OLNESS

1. Audit Period and Dates of Engagement:

- A. This audit will cover the fiscal year(s) ending JUNE 30, 2019 (and ...).
B. Date to commence audit work: 1/08/2020
C. Date to submit final audit report to Entity and State: 6/30/2020

2. Time and Price for Engagement:

- A. Estimated total hours - 200
B. Price for audit personnel \$ 17,500.00
Price for Travel
Price for typing, clerical and report preparation
Total price for this engagement \$ 17,500.00

3. The reporting entity contains the following discretely presented component units: N/A

4. Date Annual Financial Report or a trial balance will be available: JULY 2019

5. Number of copies of audit report Contractor will provide to Entity: AS REQUESTED

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

AS NEEDED

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

The audit will be a single audit conducted in accordance with the provisions of OMB Circular A-133 because the Entity expended a total amount of federal awards equal to or in excess of \$750,000 during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

OR

The audit will not be a single audit conducted in accordance with the provisions of OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of less than \$500,000 during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

Certified or Licensed Public Accountant

OLNESS & ASSOCIATES

Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

CITY OF MILES CITY

Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services Bureau**

By: _____
Approved By

Date: _____

APPENDIX C

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): CITY OF MILES CITY

Telephone: Address: PO Box 910 (Street Address or P.O. Box)
MILES CITY, MT 59301 (City/Town) (Zip Code)

Contact Person(s):

PUBLIC ACCOUNTANT/ACCOUNTING FIRM (CONTRACTOR):

OLNESS & ASSOCIATES, PC

Telephone: Address: 2810 CENTRAL AVE, STE B (Street Address or P.O. Box)
252-6230 BILLINGS, MT 59102 (City/Town) (Zip Code)

Contact Person(s):

BRENT OLNESS

1. Audit Period and Dates of Engagement:

- A. This audit will cover the fiscal year(s) ending JUNE 30, 2020 (and ...).
B. Date to commence audit work: 1/09/2021
C. Date to submit final audit report to Entity and State: 6/30/2021

2. Time and Price for Engagement:

- A. Estimated total hours - 200
B. Price for audit personnel \$ 18,000.00
Price for Travel
Price for typing, clerical and report preparation
Total price for this engagement \$ 18,000.00

3. The reporting entity contains the following discretely presented component units:

N/A

4. Date Annual Financial Report or a trial balance will be available: JULY 2020

5. Number of copies of audit report Contractor will provide to Entity:

AS REQUESTED

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

AS NEEDED

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

The audit will be a single audit conducted in accordance with the provisions of OMB Circular A-133 because the Entity expended a total amount of federal awards **equal to or in excess of \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

OR

The audit will not be a single audit conducted in accordance with the provisions of OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of **less than \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

Certified or Licensed Public Accountant

OLNESS & ASSOCIATES, PC

Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

CITY OF MILES CITY

Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services Bureau**

By: _____
Approved By

Date: _____

RESOLUTION NO. 4146

A RESOLUTION APPROVING A TASK ORDER BETWEEN THE CITY AND KADRMAS, LEE & JACKSON, INC., FOR SERVICES RELATED TO THE WATER TREATMENT PLANT CLEARWELL IMPROVEMENTS PROJECT.

WHEREAS, the City of Miles City requires services related to the Water Treatment Plant Clearwell Improvements Project, and has engaged Kadrmas, Lee & Jackson, Inc. (KLJ), a City of Miles City retained engineering firm, for assistance.

AND WHEREAS, the procedure for assignment of task orders by the City to KLJ are set forth in a certain "Agreement Between Owner and Engineer for Professional Services," dated September 22, 2015, and previously approved by this Council;

AND WHEREAS, the parties have prepared a Task Order setting force certain services to be provided by KLJ in accordance with said Agreement, and the City desires to approve the same;

NOW THEREFORE, IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA AS FOLLOWS:

1. The "Task Order for the City of Miles City" between the City and KLJ for services related to the Water Treatment Plant Clearwell Improvements Project, attached hereto as Exhibit "A," is hereby approved and adopted by this Council.

2. The Mayor of the City of Miles City is hereby empowered and authorized to execute said Task Order on behalf of the City of Miles City, and bind the City of Miles City thereto.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A REGULAR MEETING THIS 24TH DAY OF APRIL, 2018.

John Hollowell, Mayor

ATTEST:

Lorrie Pearce, City Clerk

This is a Task Order for KLJ
Project No. 2417106,
consisting of four (4) pages.

Task Order for the City of Miles City

In accordance with Agreement dated September 22, 2015 ("Agreement"), Owner and Engineer agree as follows:

1. Background Data

- A. Effective Date of Task Order: _____
- B. Owner: City of Miles City, Montana
- C. Engineer: Kadrmas, Lee & Jackson, Inc.
- D. Specific Project (title): Water Treatment Plant Clearwell Improvements
- E. Specific Project (description): Evaluation and design of a Clearwell baffling system to meet CT requirements.

2. Services of Engineer

The specific services to be provided or furnished by Engineer under this Task Order are as follows:

As described in Exhibit A, Part 1 – Basic Services.

- A. Resident Project Representative (RPR) Services

N/A

- B. Designing to a Construction Cost Limit

N/A

- C. Other Services

Engineer shall also provide the following services: As described in Exhibit A

- D. All the services included above comprise Basic Services for purposes of Engineer's compensation under this Task Order.

3. Additional Services

Additional Services that may be authorized or necessary under this Task Order are as follows:

As described in Exhibit A, Part 2

4. Owner's Responsibilities

Owner shall have those responsibilities set forth below:

- A. Provide Engineer with all criteria and full information as to Owner's requirements for the Specific Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations.
- B. Furnish to Engineer any other available information pertinent to the Specific Project including reports and data relative to previous designs, construction, or investigation at or adjacent to the Site.
- C. Provide reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all phases of the Project designed or specified by Engineer and such reviews, approvals, and consents from others as may be necessary for completion of each phase of the Project.
- D. Inform Engineer in writing of any specific requirements of safety or security programs that are applicable to Engineer, as a visitor to the Site.
- E. Examine all alternative solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by Engineer (including obtaining advice of an attorney, risk manager, insurance counselor, financial/municipal advisor, and other advisors or consultants as Owner deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.
- F. Authorize Engineer to provide Additional Services as set forth in Part 2 of Exhibit A of the Agreement, as required.
- G. The Owner shall act as the Engineer as defined in the General Conditions of the construction agreement and shall state such in the construction agreement.

5. Task Order Schedule

The parties shall meet the following schedule:

<u>Party</u>	<u>Action</u>	<u>Schedule</u>
Engineer	1) Submit Technical Memorandum to Owner for review and concurrence	30 days after Notice-to-Proceed
Engineer	2) Submit draft Drawings to Owner for review	30 days after Owner approves Technical Memorandum
Engineer	3) Submit final Drawings to Owner for review	15 days after Owner approves draft Drawings
Engineer	4) Submit Drawings to the MT-DEQ	7 days after Owner approves final Drawings

Engineer	5) Start Construction Phase	As determined by Owner
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6. Payments to Engineer

A. Article 7.01 is amended to show the basis of compensation for this Task Order as shown below:

Description of Service	Amount	Basis of Compensation
1. Basic Services	\$25,953.00	Lump Sum – Billed monthly as completed
TOTAL COMPENSATION	\$25,953.00	
2. Additional Services	(N/A)	Standard Hourly Rates

*Based on a one-month continuous construction period.

Lump sum amounts and estimated totals included in the breakdown by phases incorporate Engineer’s labor, overhead, profit, reimbursable expenses (if any), and Consultants’ charges, if any. For lump sum items, Engineer may alter the distribution of compensation between individual phases (line items) to be consistent with services actually rendered, but shall not exceed the total lump sum compensation amount unless approved in writing by Owner.

B. The terms of payment are set forth in Article 2.01 of the Agreement.

Engineer’s Consultants retained as of the Effective Date of the Task Order: N/A

7. Other Modifications to Agreement and Exhibits:

Affirmative Action: This Owner and Engineer shall abide by the requirements of 41 CFR 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability, or veteran status.

8. Attachments: Exhibit A – Engineer’s Services

9. Other Documents Incorporated by Reference:

None

10. Terms and Conditions

Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by Owner.

The Effective Date of this Task Order is _____.

OWNER: City of Miles City

ENGINEER: Kadrmas, Lee & Jackson, Inc.

By: _____

By: _____

Print Name: _____

Print Name: _____

Title _____

Title: _____

Engineer License or Firm's Certificate No. (if required): PEL-EF-LIC-37
State of: Montana

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

Name: _____

Name: Doug Whitney, PE

Title: _____

Title: Project Manager

Address: _____

Address: 2611 Gabel Road
P.O. Box 80303
Billings MT, 59108-80303

E-Mail Address: _____

E-Mail Address: doug.whitney@kljeng.com

Phone: _____

Phone: 406-247-2913

EXHIBIT A
Engineer's Services
Task Order – Water Treatment Plant Clearwell Improvements

The Agreement is supplemented to include the following agreement of the parties.

Engineer shall provide Basic and Additional Services as set forth below.

PART 1 – BASIC SERVICES

A1.01 Project Scope and Location

- A. The project generally includes an analysis of the existing water treatment plant (WTP) clearwell and associated concentration x contact time (CT) requirements, followed by the design, negotiation phase assistance and limited construction administration services during the construction phase of the designed improvements.
- B. The project is located at the Miles City Water Treatment Plant, Miles City, MT.

A1.02 Study and Report Phase

A. Owner Shall:

- 1. Provide access to the WTP, MT-DEQ correspondence, Record Drawings of the WTP, and flow data as needed.
- 2. Provide review of documents as requested.
- 3. Pay all review fees.

B. Engineer Shall:

- 1. Provide an analysis of the existing WTP clearwell. The analysis will include the following:
 - a. Conduct a review of the operations of the clearwell including flow rates, chlorine dosage and contact time.
 - b. Conduct a review of the MT-DEQ requirement for CT for the Miles City WTP.
 - c. Prepare a Technical Memorandum summarizing the recommended improvements needed to meet the MT-DEQ CT requirements. Provide the City a copy of the Technical Memorandum for review and acceptance. It is assumed that the Technical Memorandum will be sufficient for the MT-DEQ approval of the project. Should the MT-DEQ require additional documentation, this additional effort will be considered Additional Services.

A1.03 Boundary and Topographic Survey Phase – Not Included

A1.04 Final Design Phase

1. Prepare the design of the recommended clearwell improvements including the following:
 - a. Based on Owner's accepted Technical Memorandum, prepare draft Drawings for the Project. It is anticipated that this project will not be Bid but will be negotiated with up to three (3) potential contractors. No Project Manual or Specification book is included in this scope of work. Needed specifications will be included in the Drawings. The Drawings will reference the MPWSS and EJCDC as needed. These references will include compliance with the insurance, bonding, and site safety requirements.
 - b. Provide Owner a draft copy of the Drawings for review and concurrence and attend a review meeting by conference call.
 - c. Incorporate Owner's comments from the draft Drawings and provide final Drawings to Owner.
 - d. Submit final Drawings and Technical Memorandum to the MT-DEQ.

A1.05 Bidding or Negotiating Phase

1. Provide Negotiation Phase services for the clearwell improvements including the following:
 - a. Provide up to eight (8) hours of Negotiation Phase assistance to Owner as requested.

A1.06 Construction Phase

1. Provide Construction Phase Services including:
 - a. Facilitate an on-site Pre-Construction Conference between Owner, Engineer and Contractor.
 - b. Review submittals from Contractor and verify material prior to installation. It is assumed that the on-site material verification will occur concurrently with the pre-construction meeting.
 - c. Engineer will be on site during the Substantial Completion video walk-through. It is anticipated that this project will be constructed wet, and the walk-through will be conducted by a Contractor-provided diver, equipped with live video camera and two-way communication. Should additional walk-through(s) become needed, Engineer will be on site for these, but this effort will be considered Additional Services.

- d. Develop Record Drawings at the conclusion of the Project and provide two (2) sets of Drawings to the City along with one (1) PDF digital copy. Submit one (1) copy of the Record Drawings to the MT-DEQ as required.

A1.07 Post-Construction Phase – Not Included

PART 2 - ADDITIONAL SERVICES

A2.01 Additional Services Requiring Owner's Written Authorization

- A. If authorized in writing by Owner, Engineer shall furnish or obtain from others Additional Services of the types listed below.
 1. In depth design report if required for MT-DEQ permitting.
 2. Field measurements of the existing clearwell or other water plant facilities.
 3. Tracer study analyses of the clearwell.
 4. Independent inspection of the installed baffle system.
 5. Additional Construction Phase site visits or additional video walk-throughs.
 6. Provide additional negotiating assistance.
 7. Development of a Project Manual if it is determined that Bidding becomes necessary.
 8. Bid Phase services if it is determined Bidding becomes necessary.

STAFF REPORT

Department: Public Utilities

Contact: Tom Speelmon 234-3493
tspeelmon@milescity-mt.org

Agenda Item #:

Action: Task Order for KLJ Engineering Services for WTP Clear Well Baffle System

RECOMMENDATION

Recommend approval of Task Order for KLJ Project No. 2417106 and forward to Council.

BACKGROUND / ANALYSIS

A CT value is the product of the concentration of a **disinfectant** (e.g. free chlorine) and the **contact time** with the water being disinfected. In a water plant the calculated CT value directly impacts the rate at which water can be pumped into the distribution system. One of the values used in calculating CT is baffling factor. A higher baffling factor gives you a higher CT value which means the disinfectant is in contact with the water for a longer time before it is pumped into the distribution system. In 1993 the Miles City Water Treatment Plant Clear well was given a 0.3 baffling factor. Last summer DEQ conducted A Comprehensive Performance Evaluation (CPE) at our water plant. As a result of the findings of the CPE our baffling factor was downgraded to a 0.1. This new baffling factor seriously limits our pumping rate, especially during months when the water is cold. Chlorine is a more effective disinfectant in warm water so as water temperatures drop, more contact time is needed to achieve the same level of disinfection. This task order is for engineering services to design and gain DEQ approval for a baffling system for the water plant clear well. The intent is to install a synthetic geomembrane blanket style baffle system (see attached) that will give us a minimum baffling factor of 0.5. Once approved the baffles would be installed next fall after the high summer water demand has subsided. Since we cannot drain the clear well the baffles will be installed by divers. The work will have to be performed at night between plant run times.

FISCAL IMPACT

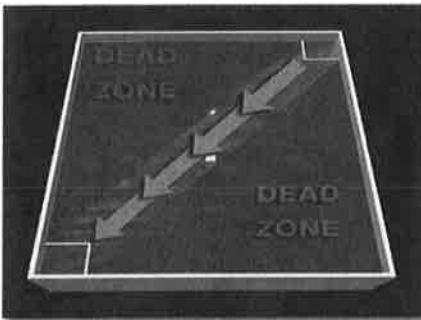
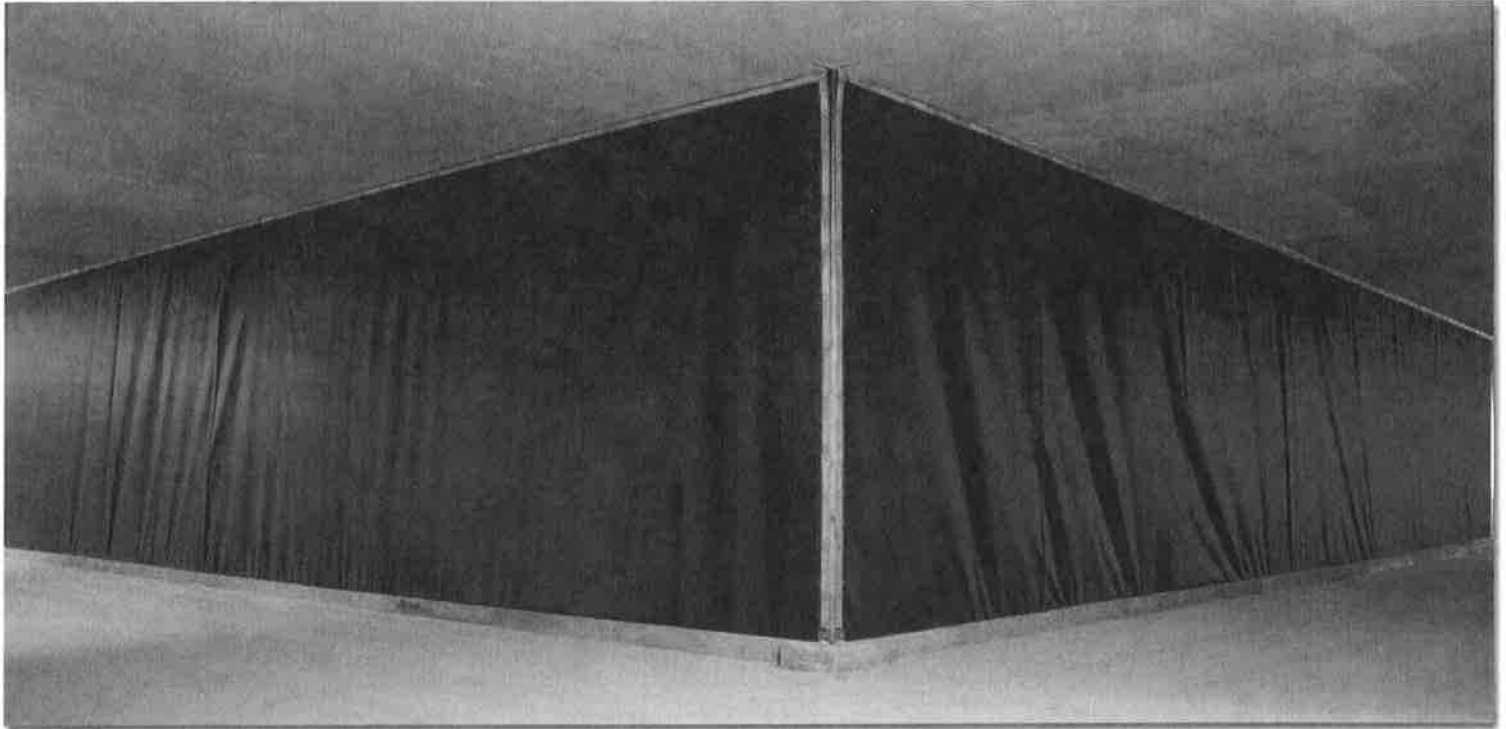
The FY2017/18 budget includes \$80,000 for this project. The lump sum amount for this scope of work is \$25,953 and covers the services listed in Exhibit A (attached). Any additional services required would be billed at an hourly rate. The goal is to be able to complete this project from quotes and avoid having to go to bid.

As the water warms up I do not think we will have any issues with pumping rates during the summer/fall months, however as the water cools off going into winter the possibility of CT violations increase. Our annual water usage has been increasing and increased demand during the cold months will make it harder to stay under a maximum pumping rate.

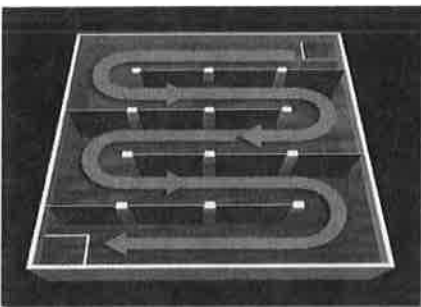


ENVIRONETICS, INC.

DIRECTOR III Clearwell Baffles



SHORT CIRCUIT WITHOUT BAFFLES



IMPROVED TREATMENT WITH BAFFLES

ECONOMICAL ALTERNATIVE TO CONCRETE WALLS

DIRECTOR III[™] Clearwell Baffles offer a cost effective alternative to expensive concrete or clearwell baffle walls. Our innovative modular baffles are constructed from stainless steel support components with integrated reinforced geomembrane baffle panels to provide years of durable service. Environetics' exclusive kit format allows for easy installation without field fabrication or welding. The mechanical perimeter batten system provides a positive seal against new and existing clearwell surfaces. The result is a high quality tank baffle system that provides years of trouble free service while costing much less than alternative designs. The simple, cost effective system is ideal for improving the performance of new and existing clearwell tanks.

GET MORE PERFORMANCE FROM YOUR CLEARWELL

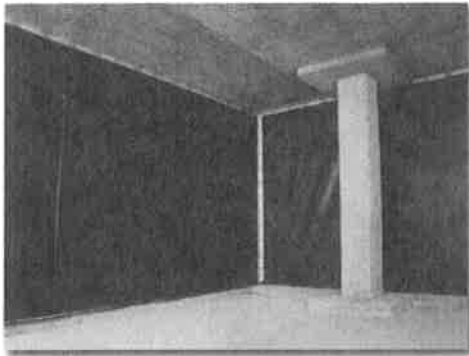
- Increase Chlorine Contact Time (T_{10}/T)
- Decrease Disinfection Byproducts (DBP)
- Maximize Effective Treatment Area
- Increase Hydraulic Retention Time
- Reduce Disinfectant Dosage
- Eliminate Static Zones
- Prevent Short Circuiting

DIRECTOR III

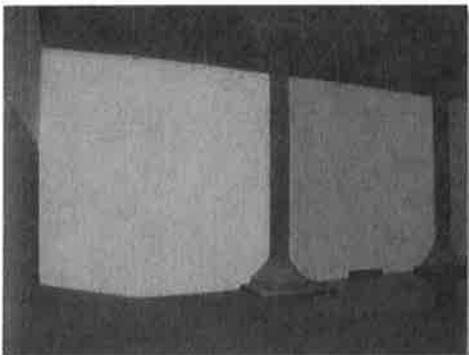
Clearwell Baffles

CUSTOM BUILT FOR YOUR CLEARWELL

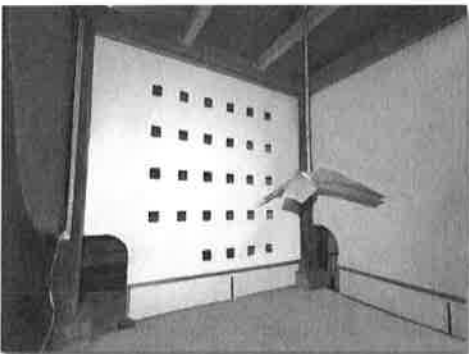
Every *DIRECTOR III*™ Clearwell Baffle is custom designed and built to fit your specific tank profile. With nearly 40 years of fabrication experience with geomembrane materials and structural components, Environetics has developed a variety of exclusive details and accessories to ensure that our *DIRECTOR III*™ Clearwell Baffle system will meet your project requirements. Consult our Design Department for material specifications, design details, and expert advice regarding your tank baffle project.



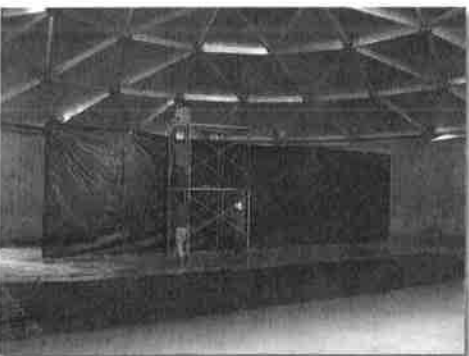
STRUCTURAL FRAME DESIGN



CABLE SUPPORTED DESIGN



ENHANCE FLOW PATTERNS



QUICK INSTALLATION

CLEARWELL BAFFLE DESIGN FEATURES

CLEARWELL BAFFLE SYSTEM CONFIGURATION

- Structural Frame Supported Design
- Cable Supported Design
- Flow Around Ends
- Complex Baffle Intersections
- Perforated Baffles
- Weir and Cleanout Ports
- Pipe Penetration Boots
- Manway Access Doors

CLEARWELL BAFFLE COMPONENTS

- Field Proven Reinforced Geomembrane Baffle Curtain Materials
- NSF-Standard 61 Certified Potable Grade Materials
- Stainless Steel Structural Components and Hardware
- Stainless Steel Perimeter Batten System

TURNKEY INSTALLATION

DIRECTOR III™ Clearwell Baffles install quickly and easily. The modular design reduces shipping costs and accelerates installation time in the field. Upon delivery, the modular components are assembled to form a continuous structure. Light weight modules are able to fit through small manway access hatches for assembly inside the clearwell. After hanging the baffle system from the ceiling of the clearwell, the curtains are securely anchored to the walls and floor of the clearwell structure. Environetics offers full turnkey installation of our *DIRECTOR III*™ Clearwell Baffle system.

RESOLUTION NO. 4147

A RESOLUTION APPROVING THE FY2019 EASTERN MONTANA DRUG TASK FORCE MEMORANDUM OF UNDERSTANDING.

WHEREAS, the City of Miles City participates in the Eastern Montana Drug Task Force Program;

AND WHEREAS, the City's responsibilities related to said program for FY2019 are set forth in the Eastern Montana Drug Task Force Inter-Agency Memorandum of Understanding For FY 2019, and the Council finds that it is in the best interest of our community to approve of and enter into the same;

NOW THEREFORE, IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA AS FOLLOWS:

1. The "Eastern Montana Drug Task Force Inter-Agency Memorandum of Understanding For FY 2019," attached hereto as Exhibit "A," is hereby approved and adopted by this Council.

2. The Mayor of the City of Miles City is hereby empowered and authorized to execute said Agreement on behalf of the City of Miles City, and bind the City of Miles City thereto.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A REGULAR MEETING THIS 24TH DAY OF APRIL, 2018.

John Hollowell, Mayor

ATTEST:

Lorrie Pearce, City Clerk

EXHIBIT A

**EASTERN MONTANA DRUG TASK FORCE
MEMORANDUM OF UNDERSTANDING
FISCAL YEAR 2019**

For Miles City Police Department



(Signature)

3/21/18
Date

Doug Colombik

(Print Name)

Mayor, City of Miles City



(Signature)

4-10-18
Date

John Hollowell

(Print Name)

**EASTERN MONTANA DRUG TASK FORCE
INTER-AGENCY MEMORANDUM OF UNDERSTANDING FOR FY 2019**

Purpose

The purpose of this Memorandum of Understanding is to establish general guidelines for a multi-agency task force to address drug-related crime. Through the spirit of cooperative efforts and a strong commitment to combat drug-related trafficking, manufacturing and violence, the **EASTERN MONTANA DRUG TASK FORCE** is formed. Agencies participating in this project recognize that combating drugs is of paramount importance to our communities. Through our united efforts, our resources will be better utilized and our investigative efforts will be more fruitful on behalf of the communities we serve. The participating agencies are committed to cooperative efforts and to full information sharing through their participation in the **EASTERN MONTANA DRUG TASK FORCE**.

Mission Statement

The mission of the EASTERN MONTANA DRUG TASK FORCE is to provide a collaborative federal, state, and local law enforcement effort to identify, target, and address those involved in drug trafficking, manufacture, and/or violence. The EASTERN MONTANA DRUG TASK FORCE will utilize sophisticated long-term investigative approaches, including undercover surveillance operations, the purchase of evidence and information, and electronic surveillance to disrupt and dismantle targeted drug organizations.

EASTERN MONTANA DRUG TASK FORCE
INTER-AGENCY MEMORANDUM OF UNDERSTANDING FISCAL YEAR 2019

THIS MEMORANDUM OF UNDERSTANDING, is entered into this 25th day of March, 2018 and covers the Fiscal year 2019 specifically defined as the period between July 1, 2018 and June 30, 2019 between the Baker Police Department, the City of Baker; Carter County Sheriff's Office, Carter County; Colstrip Police Department, City of Colstrip; Custer County Sheriff's Office, Custer County; Dawson County Sheriff's Office, Dawson County; Fallon County Sheriff's Office, Fallon County; Garfield County Sheriff's Office, Garfield County; Glendive Police Department, the City of Glendive; McCone County Sheriff's Office, McCone County; Miles City Police Department, the City of Miles City; Powder River County Sheriff's Office, Powder River County; Prairie County Sheriff's Office, Prairie County; Rosebud County Sheriff's Office, Rosebud County; Treasure County Sheriff's Office, Treasure County; Wibaux County Sheriff's Office, Wibaux County; and Montana Department of Justice /Division of Criminal Investigation (hereinafter DCI).

WHEREAS there is evidence that trafficking in narcotics and dangerous drugs exists in eastern Montana, and specifically the above-mentioned counties, and that such illegal activity has a substantial and detrimental effect on the health and general welfare of the people residing in those general areas, the parties hereto agree to the following:

1. The Eastern Montana Drug Task Force (hereinafter EMDTF or Task Force) will perform the activities and duties described below.
 - A. Disrupt the illicit drug traffic in eastern Montana by immobilizing targeted violators and trafficking organizations, by leading the cohesive multi-jurisdictional investigation unit
 - B. Gather and report intelligence data relating to trafficking in narcotics and dangerous drugs through monthly meetings as well as interpersonal contact as needed with the appropriate agencies
 - C. Conduct undercover operations where appropriate and engage in other traditional methods of investigation in order that the EMDTF's activities will result in effective prosecution before the courts of Montana.
 - D. Provide training opportunities within the EMDTF area to law enforcement to recognize, investigate and prevent Drug Endangered Children and to promote dangerous drug awareness to law enforcement and the public.
2. To accomplish the objectives of the EMDTF, the DCI will assign one supervisory agent to the EMDTF. Custer County Sheriff's Office and Rosebud County Sheriff's Office agree to detail no less than one officer to the EMDTF. The US Border Patrol will assign 2 Agents to provide support to the EMDTF and its mission of investigating drug-related crimes in eastern Montana and locations with direct nexus to the international border pursuant to the Memorandum of

Understanding between US Border Patrol Havre Sector and EMDTF (document attached). The administrative support position will be a DCI employee. During this period of assignment, the EMDTF personnel will be under the direct supervision and control of the DCI supervisor assigned to the EMDTF. Officers assigned to the EMDTF must first be approved by the EMDTF Executive Board.

3. The officers assigned to the EMDTF shall adhere to DCI policies and procedures. Failure to adhere to policies and procedures shall be grounds for dismissal from the EMDTF.
4. Law enforcement officers assigned to the EMDTF by participating agencies (except state and federal agents) shall be deputized as DCI Agents. Once designated as state agents, EMDTF Agents shall adhere to the state investigative protocol procedure, which has been adopted by the DCI per agreement exacted by the Montana Law Enforcement Advisory Council.
5. Any duly sworn peace officer, while assigned to duty with the EMDTF, as herein provided and working at the direction of the Task Force Supervisor, shall have the same powers, duties, privileges, responsibilities, and immunities throughout the jurisdiction of the EMDTF, as are conferred upon him/her as a Peace Officer in his/her respective jurisdiction. For the purpose of indemnification, each participating agency of the EMDTF shall be responsible for the acts of its participating officer(s). Each agency shall incur any liabilities arising out of the services and activities of its officers, while participating in the Task Force in the line of duty, and shall defend all other agencies named in this Memorandum of Understanding in any action brought against those agencies for the actions of that agency's officers.
6. At the request of any Executive Board member, the Task Force Supervisor may authorize mutual aid assistance for other criminal matters within the jurisdiction of the Task Force, with the concurrence of the Chairman or his designee and following the established protocol for DCI.
7. During the period of assignment to the EMDTF, each participating agency will remain responsible for establishing the salary and benefits, including overtime, of their respective officers assigned to the EMDTF, and for making all payments due to them.
8. Each participating agency shall be responsible for the full payment of its personnel assigned to the Task Force, and such salary shall be deemed to be full salary and due and payable to such assigned personnel while on duty with the Task Force. The city and/or county agencies participating in the Federal Grant shall be reimbursed by the Grant account. The Grant Account consists of funding awarded by the Montana Board of Crime Control, and matching funds (including forfeiture funds and local agency matching funds) and shall be administered by DCI. At the beginning of each quarter for the duration of the grant, DCI agrees to

remit to those agencies providing personnel, reimbursement for the previous quarter's salaries and fringe benefits for the field agents assigned to the Task Force. The supervisor shall be responsible for duty assignment of field agents, as well as ensuring that field agents conform to ordinances, regulations, and directives as supplied by those member agencies concerning overtime compensation.

9. Any agency desiring to terminate its participation in this Memorandum of Understanding shall indicate such intent in writing to the EMDTF Executive Board. Termination of participation in this Memorandum of Understanding by such agency shall be deemed to take effect not less than thirty (30) days after receipt of the written communication of the intent by the Executive Board.
10. Each agency supplying field agents to the EMDTF will ensure that said officers will meet the minimum requirements for the position of Peace Officer as set forth in the Montana Codes Annotated. This will include, but will not be limited to: at least twenty-one (21) years of age, P.O.S.T. certified by the State of Montana, and have prior investigative experience.
11. In no event will the participating agency charge any indirect cost rate to the Department of Justice for the administration or implementation of this Memorandum of Understanding.
12. An Executive Board shall be established as the participating agencies that provide monetary contributions to the matching funds to operate the EMDTF. DCI is a member of the Executive Board because DCI provides the salaries of the Supervisor, and Administrative Assistant for EMDTF. Agencies that are unable to provide monetary support to the continued operation of the EMDTF, yet still wish to include their jurisdictions in the EMDTF region, will be considered Associate members and not have any voting rights at the Executive Board meetings. Its voting members shall be as follows: the DCI Narcotics Chief or a designee, the Sheriff of Custer County, the Sheriff of Rosebud County, the Chief of Police of the Baker Police Department, the Sheriff of Carter County, the Chief of Police of the Colstrip Police Department, the Sheriff of Dawson County, the Sheriff of Fallon County, the Sheriff of Garfield County, the Chief of Police of the Glendive Police Department, the Sheriff of McCone County, the Chief of Police of the Miles City Police Department, the Sheriff of Powder River County, the Sheriff of Prairie County, the Sheriff of Treasure County, the Sheriff of Wibaux County. The members of the Executive Board may designate persons from their agencies to represent the members during Executive Board meetings.

The Executive Board shall have the following authority: to select a Chair and Vice Chair; to regulate and manage the EMDTF, to establish subcommittees of the Board to conduct business, and to resolve disputes arising from EMDTF operations. The selection, direction and removal of law enforcement and support personnel assigned to the EMDTF shall be shared with the EMDTF Supervisor,

whose authority shall be exercised in consultation with the Executive Board. Each member of the Executive Board shall have one equal vote. Board members shall attend meetings and vote on Task Force business.

The Chairperson will be the Task Force Supervisor's primary contact with the Board on day-to-day issues and will bring to the Board's attention any matters, which would require a consensus of the Board prior to a regularly scheduled quarterly meeting. The Chairperson shall also preside over the Board meetings and is responsible for the formulation of minutes for the meetings and notification of Board members of upcoming meetings. The Chairperson shall be a local law enforcement member associated with the local drug task force. The tenure of the Chairperson and Vice-Chairperson shall be reviewed at the end of each calendar year. The vice-chairperson shall conduct the same business in the absence of the chairperson.

- A. The Executive Board shall meet at least quarterly, or as convened by the Chair or Vice Chair to receive reports relative to the progress, functions, and special duties accomplished by the EMDTF.
 - B. A quorum of the Executive Board is needed to conduct business. Five Executive Board members, or their designees, shall constitute a quorum. In meetings where a quorum is established, matters coming before the Executive Board may be approved by a majority vote of the members in attendance at a meeting.
 - C. EMDTF officers shall remain subject to the policies, procedures, and regulations of their parent agencies. Any conflict between state policies and procedures and the policies and procedures of a parent agency, will be resolved by the Executive Board. State policies and procedures will be adopted and used by all EMDTF members relative to drug operations and informant handling.
 - D. Any court orders regarding the use of wire intercepts or pen registers in which a member of the EMDTF participates;
 - (1) Executive Board will be notified telephonically as soon as practical when application has been made for authorization.
 - (2) A copy of the order authorizing same will be made available to the Executive Board.
 - (3) The Executive Board has the right to inspect the site and equipment used in the wire intercept/pen register installation.
13. Those agencies not providing full-time personnel agree to support the Task Force and cooperate with Task Force investigations. They additionally agree to

designate one officer to act as Department Liaison with the Task Force. The Department Liaison may participate in any Task Force investigative activities at the direction of their respective agency head.

14. The Executive Board will meet at least quarterly in conjunction with the monthly intelligence-sharing meeting to maintain the timely sharing of intelligence information.

15. Assets seized during Task Force investigations shall be shared as follows:

Assets, for the purposes of this Memorandum of Understanding, shall include all items of value seized relative to a case and all court-ordered fines or contributions to the drug fund.

All forfeitures, fines and restitution, obtained as a result of EMDTF investigations, will be shared in the following order:

- A. The Executive Board may order the transfer of money from the current EMDTF forfeiture fund to the EMDTF budget to cover budget shortages or equipment purchases not covered under the grant.
 - B. The forfeitures will be retained by EMDTF in the forfeiture account and accrued until the forfeiture monies are needed for matching funds or operation budget with a target balance of two (2) years' budget in the absence of local match money or federal grant funds, as approved by the Executive Board.
 - C. Seized and forfeited vehicles and other property will be utilized as directed by the Executive Board and Task Force Supervisor. When the Task Force is no longer utilizing it, the property will be sold and the proceeds placed into the EMDTF drug forfeiture account.
 - D. Upon termination of the EMDTF the drug forfeiture account will be disbursed proportionately based upon the agencies contributions of forfeitures, matching funds and/or manpower among the participating agencies at the time of the termination. The US Border Patrol shall not receive any portion of EMDTF forfeiture funds.
16. Felony Cases
Assets from cases filed in district or federal court that have been investigated by and filed on behalf of the EMDTF shall be deposited into either a state or federal forfeiture fund for the Eastern Montana Drug Task Force. Assets from cases where there is no Task Force involvement may remain with the local jurisdiction or allocated to the Drug Forfeiture Fund at the discretion of the agency. Any requests for asset sharing will be approved through the Executive Board and will be based upon the relative participation in the investigation. All members of the

Executive Board understand that the priority purpose of the seized assets is to assist with the funding of the continued operation of the EMDTF.

17. Misdemeanor Cases

All assets from misdemeanor cases that are handled through “Justice of the Peace” or “City Court” shall remain with the local jurisdiction and are not required to be deposited to the Eastern Montana Drug Task Force Forfeiture Fund.

18. Eastern Montana Drug Task Force Forfeiture Fund

DCI will open a forfeiture account in the name of the EMDTF to hold forfeited money, fines and restitution resulting from cases generated by the EMDTF.

Participants in the EASTERN MONTANA DRUG TASK FORCE agree that assets forfeited and received by EASTERN MONTANA DRUG TASK FORCE will be utilized primarily for the continued funding of the EASTERN MONTANA DRUG TASK FORCE (Byrne/JAG-funded task force). This money may be utilized to acquire equipment and resources necessary for the activities and continued production of EMDTF. Funds may also be utilized as matching funds remunerated by the agency providing personnel to the Task Force.

- A. The project director (the DCI Narcotics Bureau Chief) supervises these funds subject to Executive Board approval. Any EMDTF forfeitures (including vehicles, cash, and property), fines and restitution, will be the property of the EMDTF. The Executive Board will function as the Seizure Board for Eastern Montana Drug Task Force. Any expenditure of forfeited EMDTF funds requires approval by a majority of the Executive Board.
- B. EMDTF will comply with U.S. Department of Justice requirements for the equitable sharing of federally forfeited property for state and local law enforcement agencies.
- C. The EMDTF Supervisor and Executive Board will have the authority to negotiate asset-sharing agreements with nonmember agencies on behalf of the EMDTF.

19. Drug Fund Financial Reporting

The EMDTF Supervisor shall provide a financial report to the Executive Board at the quarterly meetings. The report shall become a part of the meeting minutes.

The minimum requirement of the report is:

- 1. Balance of the Fund at the beginning of the quarter.
- 2. Total deposits to the Fund during the quarter.
- 3. Total expended from the fund and an itemization of the expenditures.
- 4. Balance for the fund at the end of the quarter.

20. Pending Asset Forfeiture Report

Each participating jurisdiction agrees to provide the Task Force Supervisor with relevant information on asset forfeiture cases and cases with dispositions pending.

The EMDTF drug forfeiture fund shall be disbursed to the participating agencies during the regularly scheduled meeting of the Board of Directors in July of each year. The fund shall be disbursed in the following manner:

A. PRIMARY DISTRIBUTION

The EMDTF Executive Board may distribute up to 25% of the cash in the forfeiture fund based on a formula of each agency's financial participation in the EMDTF grant.

In the event that the distribution of cash caused the Drug Forfeiture Fund balance to drop below a minimum balance of \$458,000, then the "total distribution" shall be reduced so that the fund balance on July 1 is equal to \$458,000.

- a. A distribution shall not occur unless the balance exceeds \$458,000 in the fund.

Assets from drug cases filed in district or federal court with the assistance of more than one drug task force shall be distributed to the task forces proportionally based upon their relative participation in the investigation as recommended by the joint captains of the task force. If the task force commanders cannot agree on the said proportion, then the distribution must be referred to the Executive Board or Board of Directors of each of the task forces that participated in any such cases.

B. SECONDARY DISTRIBUTION

The EMDTF Executive Board, at its sole discretion, may authorize additional distribution of forfeiture funds to member agencies that provide personnel to the Task Force, but are not a participant in the grant. The distribution shall be based on the operation budget for the officer, and the fund balance as approved by the EMDTF Board. The requesting agency may submit only those budgetary items that are approved in the EMDTF. The budget is subject to the same limitations as grant budgets.

The secondary distribution is in addition to the primary distribution of 25%. The secondary distribution shall be at the same percentage formula as the distribution formula.

21. The participating agencies agree to supply their assigned officer with equipment necessary in carrying out the EMDTF objectives. Radio-equipped vehicles will be supplied by the EMDTF whenever possible; however, the ultimate responsibility to supply a radio-equipped vehicle is the participating agency that employs the

assigned officer. Upon termination of the EMDTF, equipment that was initially supplied to the EMDTF by participating agencies shall be returned to said agency. Equipment shared/purchased jointly by all participating EMDTF agencies shall be split equally upon termination of the EMDTF.

22. Each officer assigned to the EMDTF will carry only those firearms, while on official duty, that are issued or approved by the Department of Justice and/or the respective departments. Further, the officer shall be qualified with those firearms.
23. The EMDTF shall maintain on a current basis complete and accurate records and accounts of all obligations and expenditures of funds under this Memorandum of Understanding in accordance with generally accepted accounting principles and instructions provided by the Department of Justice to facilitate on-sight inspection and auditing of such records and accounts.
24. No new entity is created by reason of this Memorandum of Understanding.
25. The EMDTF shall permit and have readily available for examination and auditing by the Department of Justice and/or the Montana Legislative Audit Division, any and all of their duly authorized agents and representatives, any and all records, documents, accounts, invoices, receipts, or expenditures relating to this Memorandum of Understanding. Therefore, records must be maintained by a body, which will continue to exist until all audits and examinations are completed and resolved, or for a period of six years after termination of this Memorandum of Understanding.


Attached to and part of this document are the signatures of the EMDTF Executive Board and their respective County Commissioner Chairmen and/or Mayors who have agreed to abide by this Memorandum of Understanding.

I hereby certify that this is a true and accurate copy of the original EASTERN MONTANA DRUG TASK FORCE INTER-AGENCY MEMORANDUM OF UNDERSTANDING FOR FY 2019 that will be submitted to the Montana Board of Crime Control.



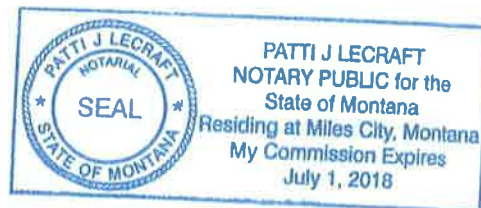
Jeffrey E. Faycosh, Regional Agent in Charge

Date: 3/20/18



Notary Public for the State of Montana
Printed name: Patti J. LeCraft
Residing at Miles City, Montana
My Commission expires July 1, 2018

Date: 03-20-18



RESOLUTION NO. 4148

A RESOLUTION ADOPTING A REVISED PURCHASING POLICY FOR THE CITY OF MILES CITY, MONTANA.

WHEREAS, the City of Miles City wishes to implement a revised policy governing the process relative to all purchases made by the City of Miles City;

AND WHEREAS the City of Miles City has developed an updated policy with regards to the same;

NOW THEREFORE, IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA AS FOLLOWS:


1. The Purchasing Policy attached hereto as Exhibit "A" is hereby approved and adopted by the Council, effective immediately.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, THIS 24TH DAY OF APRIL, 2018.

John Hollowell, Mayor

ATTEST:

Lorrie Pearce, City Clerk

 CITY OF MILES CITY POLICY & PROCEDURE	Effective Date:	02-2003
	Last Revised:	<u>04/24/18</u>
Purchasing Policy		
RESOLUTION # 4148		

Purpose & Scope

This document is intended to describe the policy and process that shall be followed by the City of Miles City relative to all purchases.

A. Authorization to Make Purchases

1. Upon the City Council's acceptance of budgets, all Department Directors are authorized to make purchases required for their departments in accordance with this policy.
2. The Department Director may designate other department staff to make the purchases for the Department; however, the Department Director will acknowledge ALL department purchases through signing off or initialing each transaction.

B. Montana Law References

1. MCA 7-5-4302 (1) requires that any automobile, truck, other vehicle, road machinery, other machinery, apparatus, appliances, equipment, materials, supplies, or any construction, repair or maintenance of any kind in excess of \$80,000, must be advertised & let to the lowest responsible bidder.
2. MCA 7-5-4302 (2) and (3) as well as MCA 7-5-4303 and MCA 7-5-4304 provide details on bidding & advertising requirements.
3. MCA 7-5-4305 explains that the bidding process cannot be circumvented by dividing a work or construction project into several contracts or separate work orders or similar device.
4. MCA 7-5-4306 & MCA 7-7-4104 explain limitations placed upon the use of installment purchase contracts.
5. MCA 7-7-4101 explains the purposes for which the City can incur indebtedness.
6. MCA 7-5-4310 explains that the city may make purchases at public auction for any vehicle, machinery, appliance, apparatus, building, or materials and supplies provided the sum is less than \$50,000.
7. MCA 15-70-101 explains that all Gas Tax funds must be disbursed to the lowest responsible bidder for projects set forth in MCA 7-5-2301 and 7-5-4302.

C. City Policy

1. Department Directors will purchase from local vendors when the item is available locally. Written explanation will be provided and retained by the Director when a local vendor is not the provider.
2. All documentation on purchases under Section A, B, C & D above will be kept in retrievable files within the appropriate Department.
3. All documentation on purchases for Section E below will be provided to the City Clerk's office for retention in a central location.

D. Process for Procurement by Purchase Order (PO)

1. The Department Director or designee will obtain an invoice from the vendor.
2. The Department Director or designee will prepare and sign the PO and properly code the Purchase Order.
3. The Department Director will insure delivery of signed & coded Purchase Orders to the City Clerk's office as they occur or insure that outstanding PO's are completed properly & delivered to City Clerk's office by the 25th of each month. PO's are paid **the next day after the first Council meeting** of each month.
4. The City Clerk's office will review the PO for completeness and proper coding.
 - a. Department Directors will be advised on POs that need correction or coding adjustment.
 - b. The City Clerk's office may return the PO for the Department Director to correct, or
 - c. The City Clerk's office may make any adjustments after consultation with the Department Director.
5. The City Clerk's office will make notes on any adjustments made to a PO that was not returned to the Department Director for adjustment.

E. Process for Procurement by Credit Card.

1. Departments will restrict those persons authorized to make purchases with the credit card(s) to as few as needed to meet department needs.
2. Department Directors will sign off on each purchase and code it for budgeting purposes.
3. The Department Director will receive a monthly statement from the credit card company. The Department Director or designee will check that all transactions are theirs; that documentation (charge slips, receipt or invoice) exists for every purchase; and that each purchase is properly coded for budget purposes.
4. The Department Director will insure that the City Clerk's office gets the original of the card statement and the originals of all documentation (charge slips, receipts or invoices) on a timely basis.
5. All disputed items on the monthly credit card statement, or billing errors or credits due are the responsibility of the Department to rectify or verify.
6. Department Directors and/or employees who are issued a card will sign a "Cardholder Agreement".
7. Credit card(s) will be kept in a secure location(s).
8. The credit card numbers should be protected and should not be posted at a desk or in an easily seen location.

9. The card holder will be responsible for reporting the loss/theft of the credit card to the City Clerk and Department Director immediately. The City Clerk will be responsible to report the loss of the credit card to the Credit Card Company.
10. Credit cards may not be used for any personal (non-City) use, such as: cash advances; meals, per diem that exceeds city policy, or any personal health & medical services.

F. Claims review and approval

1. The City Clerk's office will prepare checks to vendors and present the itemized list of reviewed claims to the City Council for approval before payment.
2. Council approval will be obtained at the first council meeting of each month. Each month before claims are approved by the City Council, the Chair of the City's Finance Committee or his/her designee, or the Mayor in the Chair's absence, will:
 - a. Review & approve the journal voucher register & supporting vouchers
 - b. Sign the monthly claims list as evidence of that approval;
 - c. Review and account for the numerical sequence of checks & account for any checks paid but not approved by list and confirm voided checks; and
 - d. Compare the claims register with the claims check register;

Attachments:

- Guide on How to Write Bid Specifications
- Compliance for Audits of Local Government on Procurement, Bid Letting, Contracts
- Purchasing policy guidelines

**Purchasing Policy Guidelines for the City of Miles City
April 2018**

Amount of Purchase	Policy/Process	Documentation Required
A. Under \$4,999 \$9,999	1. Any manner deemed appropriate by department head manager.	1. Copy of invoice and signed purchase order or credit card receipt 2. Attach documentation to claim
B. \$5,000 to \$9,999 \$10,000 to \$14,999	1. Secure telephone quotations from a minimum of three vendors, whenever possible. 2. Document if unable to obtain three quotations.	1. Must use purchase order/claim 2. Record of telephone quotations with name of bidder and name of person submitting quote 3. Attach documentation to claim.
C. \$10,000 to \$49,999 \$15,000 to \$49,999	1. Payment by written purchase orders only, unless authorization to use a credit card is approved by the Mayor in advance. 2. Secure written bids/quotes from a minimum of three vendors, whenever possible. 3. Document if unable to secure three quotations. 4. If purchase and amount was not approved in Budget, then the purchase must be approved in advance by City Council	1. Copy of invoice and signed purchase order/claim 2. List of vendors 3. Copy of Request for Quotation (RFQ) form 4. Copies of all memoranda and correspondence concerning the purchase 5. Written record of any phone conversations regarding the purchase with vendors ("Sole Source" documentation) 6. Notification to Finance Committee and the Mayor if purchase is being awarded to someone other than the lowest bidder 7. Attach documentation to claim

<p>D. \$50,000 to \$79,999</p>	<ol style="list-style-type: none"> 1. Payment by written purchase orders only, unless authorization to use a credit card is approved by the Mayor in advance. 2. Secure written bids/quotes from a minimum of three vendors, whenever possible. 3. Document if unable to secure three quotations. 4. If purchase and amount was approved in Budget, it will need to go to Finance Committee for approval. If the purchase was not in the budget the purchase must be approved in advance by the Finance Committee and City Council 	<ol style="list-style-type: none"> 1. Copy of invoice and signed purchase order/claim 2. List of vendors 3. Copy of Request for Quotation (RFQ) form 4. Copies of all memoranda and correspondence concerning the purchase 5. Written record of any phone conversations regarding the purchase with vendors ("Sole Source" documentation) 6. Notification to Finance Committee and the Mayor if purchase is being awarded to someone other than the lowest bidder 7. Attach documentation to claim
<p>E. . Over \$80,000 in equipment, supplies or construction costs</p>	<p>Per appropriate section in Montana Codes Annotated, sealed bids with Public Opening; with legal review on the process prior to letting; followed by City Council approval. Solicitation of bids, only need to go to Finance Committee.</p>	<ol style="list-style-type: none"> 1. All of the above, plus: <ul style="list-style-type: none"> • Copies of all advertisements for bid. • Copies of bid specifications as supplied to vendors, • Copies of certified mail receipts, • Documentation of legal review of the bidding process by the City Attorney

Guide on How to Write Bid Specifications

Specifications provide a precise description of the critical features a supply or service must have to satisfy a need. A specification should be written from the general to the specific. Good procurement practice and Montana law require that specifications not be unduly restrictive (Ref. Mont. Code Ann. § 18-4-234). Restrictive specifications may limit competition and in the end, do not promote the overall economy for the purposes intended. The following outline should be used as a guideline:

1. **Common Title of Supply or Service:** Begin a specification by listing the common name of the product or service sought: "compact sedan," for example, or "photocopier maintenance." Do not list a specific brand name in the title.
2. **Purpose/Use for Supply or Service:** State the intended purpose for which the item will be used. For example, a lawn tractor specification might state: "suitable for daily use (4-6 hours) on a 7-acre complex with several 20 degree slopes." Vendors must know the intended use to assist in determining the specific **supply to bid**.
3. **Description of Supply or Service:** List all the critical features the supply must perform or have to meet your requirements. Use a specification that indicates the necessary **performance** requirements of the end supply or service, or a design specification that details how a product is engineered, if you have a specific physical requirement for the product. However, it is difficult to draft design specifications without being restrictive and limiting competition. A combination of performance and design requirements is often the most ideal specification. Identify the minimum requirements, but make sure the stated minimums will result in a product that will satisfy the needs. If there **are brand name-or-equal** products that are of the appropriate quality level, list several of the acceptable brand names and model numbers. Be careful to not imply that only a certain brand name will be acceptable, unless compatibility is an issue.
4. **List Special Requirements:** Describe any special conditions that the product or vendor must perform. Warranty, service, parts, and training requirements must be included.
5. **Unusual Conditions:** Describe any unusual conditions, such as compatibility, fiscal year funding source, etc.
6. **Delivery Date:** Indicate a specific delivery date, if required. If a delivery time is not specified, it will generally be 30 days after issuance of a purchase order.
7. **Delivery Location:** Be specific about delivery location and any special delivery requirements. Bids must state that supplies are to be shipped F.O.B. Destination – Freight Prepaid, meaning that the title of the supplies remains with the vendor until the supplies are unloaded at the final destination. When supplies are purchased F.O.B. Destination – Freight Prepaid, the vendor is responsible for damage to the supplies while they are in transit and also responsible for filing freight claims if damages are incurred.
8. **Contact Person:** List the name, address, and phone number of the person who should be contacted if questions arise.

1. GENERAL BIDDING REQUIREMENTS

- A contract for the purchase of any automobile, truck, other vehicle, road machinery, other machinery, apparatus, appliances, equipment, or materials or supplies or for construction, repair, or maintenance **in excess of \$80,000** must be let to the lowest responsible bidder after advertisement for bids. (MCA 7-5-4302(1)) (**See exceptions to this bidding requirement, below**)
 - √ **Public Auction:** In lieu of soliciting bids, the council may purchase at public auction any vehicle, machinery, appliances, apparatus, building, or materials or supplies for which must be paid a sum of \$50,000 or less. (MCA 7-5-4310)
 - √ **Self-Government Powers:** A local government unit with self-government powers cannot supersede by the passage of a resolution or ordinance the competitive bidding requirements set forth in MCA 7-5-4302. (AGO #175, Vol. 37))
- **Publication Requirements:** The advertisement for bids must be published as provided in 7-1-4127 (See C/T-1 – “General Topics” for discussion of these publication requirements), and the second publication must be made not less than 5 days or more than 12 days before the consideration of bids. If the advertisement is made by posting, 15 days must elapse, including the day of posting, between the time of the posting of the advertisement and the day set for considering bids. (MCA 7-5-4302(2))
- **Exceptions to Bidding Requirements:** The following are the exceptions to the bidding requirements of MCA 7-5-4302:
 1. Purchases necessitated by emergencies, as defined in MCA 7-5-4303(1);
 2. Purchases of supplies or equipment from government agencies when the purchase can result in a substantial savings to the city or town, and when there is sufficient budget for the purchase (MCA 7-5-4303(2));
 3. Alternative project delivery contracts, as provided in Title 18, chapter 2, part 5 (MCA 7-5-4302) (See discussion below)
 4. Solicitation and award of an investment grade energy audit or energy performance contract pursuant to Title 90, Chapter 4, Part 11, or to the construction or installation of conservation measures pursuant to the energy performance contract. (MCA 7-5-4315) (See discussion below)

1. GENERAL BIDDING REQUIREMENTS - continued

- **Exceptions to Bidding Requirements - continued:**
 5. Contracts for professional, technical, engineering, or legal services (MCA 7-5-4301(2)(a));

- √ However, contracts in which the value of the majority of the services to be rendered constitute services other than professional, technical, engineering, or legal services must be awarded under the bidding procedures. (MCA 7-5-4301(2)(a))
- √ A contract for the employment of a construction manager that calls only for the application of the contractor's technical expertise and experience in a supervisory capacity and does not involve the procurement of supplies or actual construction is a contract for professional and technical services. (AGO #175, Vol. 37))
- √ A municipality may extend, renew, or amend a contract or series of contracts for the supervision or operation of a physical plant that provides water, sewer, or power services without proceeding under the bidding procedure if:
 - a. one or more of the contracts were awarded to the entity in accordance with the competitive bidding procedures, and
 - b. the entity has provided the services to the municipality for the immediately preceding 5-year period. (**Note:** Other than these situations, supervision over or operation of a physical plant that provides water, sewer, or power services to a municipality does not constitute a service excluded under the provisions of 7-5-4301(2)(a) (above).) (MCA 7-5-4301(2)(b))

2. CERTAIN CONTRACTS TO BE SUBMITTED TO VOTERS

- No contract may be let pursuant to MCA 7-5-4302, pertaining to competitive bidding requirements, (see above) that extends over a period of 5 years or more without first submitting the question to a vote of the electors of the city or town. (MCA 7-5-4304)
- √ **Exceptions:** The following are the exceptions to the requirement that the contract be submitted to the voters:
 1. A contract for solid waste management system as defined in MCA 75-10-103, which may not exceed 10 years; or
 2. Obligations issued pursuant to MCA 7-7-4104, which may include bonded indebtedness, note indebtedness, a lease, a lease-purchase agreement, an installment purchase contract, or other legal forms. These obligations are general obligations of the municipality but are not secured by a pledge of the taxing power of the municipality. See 7-7-4104 for the specific terms and restrictions of this type of obligation. (MCA 7-5-4304))

3. BIDDING - GAS TAX FUNDS

(See TRAN-1 "Gasoline Tax Apportionment" for additional information)

- If a city or town contracts for construction, reconstruction, maintenance or repair of city or town streets or alleys costing **in excess of \$80,000** to be paid with gasoline tax

funds, the funds must be disbursed to the lowest responsible bidder according to applicable bidding procedures. (MCA 15-70-101(5))

4. **DIVISION OF CONTRACTS PROHIBITED**

- Public work or construction projects for which competitive bidding is required may not be divided into several contracts to circumvent the competitive bidding requirements. (MCA 7-5-4305)

5. **INSTALLMENT PURCHASE CONTRACTS – LENGTH OF TERM**

- When the amount to be paid under an installment purchase contract **exceeds \$4,000**, the council may provide for the payment of the amount in installments extending over a period of **not more than 10 years** if at the time of entering into the contract, there is an unexpended balance of appropriation in the budget for the then-current fiscal year available and sufficient to pay for the portion of the contract price payable during the then-current fiscal year. The budget for each following year in which any portion of the purchase price is to be paid must contain an appropriation for the purpose of paying that portion. The limitations contained in this section do not apply to installment purchase contracts entered into pursuant to 7-7-4104 (See Requirement #2, above.) (MCA 7-5-4306)

6. **LEASE/PURCHASE AGREEMENTS SUBJECT TO BIDDING REQUIREMENTS**

- A lease with an option to purchase is subject to the competitive bidding requirement of MCA 7-5-4302 (See above). (AGO #78, Vol. 41)

7. **CONFLICT OF INTEREST**

- The mayor, any member of the council, any city or town officer, or any relative or employee of an enumerated officer may not be directly or indirectly interested in the profits of any contract entered into by the council while the officer is or was in office. (MCA 7-5-4109(1))
 - √ The governing body of a city or town may waive the application of the above prohibition if in an official capacity the officer or employee does not influence the decision-making process or supervise a function regarding the contract in question. A governing body may grant a waiver under this subsection only after publicly disclosing the nature of the conflict at an advertised public hearing held for that purpose. In determining whether to grant a waiver, the governing body shall consider the following factors, where applicable:
 - (a) whether the waiver would provide to a program or project a significant benefit or an essential skill or expertise that would otherwise not be available;
 - (b) whether an opportunity was provided for open competitive bidding or negotiation;
 - (c) whether the person affected is a member of a clearly identified group of persons that is the intended beneficiary of the program or project involved in the contract; and

(d) whether the hardship imposed on the affected person or the governmental entity by prohibiting the conflict will outweigh the public interest served by avoiding the conflict.(MCA 7-5-4109(2))

- City or town officers; or any deputies or employees of a city or town may not be interested in any contract made by them in their official capacity or by anybody, agency, or board of which they are members or employees if they are directly involved with the contract. A former employee may not, within 6 months following the termination of employment, contract or be employed by an employer who contracts with the city or town involving matters with which the former employee was directly involved during employment. (MCA 2-2-201(1))

√ As used above:

1. The term “be interested in” does not include a minority interest in a corporation.
2. The term “contract” does not include:
 - a. contracts awarded based on competitive procurement procedures conducted after the date of employment termination;
 - b. merchandise sold to the highest bidder at public auctions;
 - c. investments or deposits in financial institutions that are in the business of loaning or receiving money;
 - d. a contract with an interested party if, because of geographic restrictions, a local government could not otherwise reasonably afford itself of the subject of the contract. It is presumed that a local government could not otherwise reasonably afford itself of the subject of a contract if the additional cost to the local government is greater than 10% of a contract with an interested party or if the contract is for services that must be performed within a limited time period and no other contractor can provide those services within that time period.
3. The term "directly involved" means the person directly monitors a contract, extends or amends a contract, audits a contractor, is responsible for conducting the procurement or for evaluating proposals or vendor responsibility, or renders legal advice concerning the contract.(MCA 2-2-201(2))

√ The definitions of “be interested in” and “contract” contained in MCA 2-2-201 are incorporated into MCA 7-5-4109. (AGO #28, Vol. 40)

- A public officer or employee shall, prior to acting in a manner that may impinge on public duty, including the award of a permit, contract, or license, disclose the nature of the private interest that creates the conflict. The public officer or employee shall make the disclosure in writing to the commissioner of political practices, listing the amount of private interest, if any, the purpose and duration of the person's services rendered, if any, and the compensation received for the services or other information

that is necessary to describe the interest. If the public officer or employee then performs the official act involved, the officer or employee shall state for the record the fact and summary nature of the interest disclosed at the time of performing the act. (MCA 2-2-131) (**Note:** Even though an interest may be permissible under the exceptions listed in MCA 2-2-201 (above), an official who has a substantial interest in the affected business must comply with MCA 2-2-131. (AGO #28, Vol. 40)

8. AWARDING PUBLIC CONTRACTS - PREFERENCES

- Public contracts for construction, repair, or public works must be awarded to the lowest responsible bidder **without regard to residency**. However, a resident bidder must be allowed a preference on a contract against the bid of any nonresident bidder from any state or country that enforces a preference for resident bidders. The preference given to resident bidders of this state must be equal to the preference given in the other state or country. These preferences apply whether the law requires, or does not require, advertisement for bids, and they apply to contracts involving federal funds unless expressly prohibited by the laws of the United States or regulations adopted pursuant to federal laws. (MCA 18-1-102(1)(a) & (2)) [**Note:** Subsection (1)(b), related to public contracts for the purchase of goods, is not applicable to *local governments*.]

8. AWARDING PUBLIC CONTRACTS – PREFERENCES - continued

- *The Common Rule* (CFR §_36(c)(2)) prohibits the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals **for federally-funded contracts**, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. (**Note:** Government-wide guidance for administering grants and cooperative agreements with States and local governments is contained in the OMB Circular A-102 *Common Rule* (a.k.a. *Grants Management Common Rule*), which was codified by each Federal funding agency in its title of the *Code of Federal Regulations*. The *Common Rule* section numbers are referred to without the Federal agency's part number (e.g., §_.36(c) would refer to the same Procurement/Competition section in all agency regulations). This allows auditors to refer to the same section numbers when discussing administrative issues with different Federal funding agencies. The Codification of Government-wide Grants Requirements by Department can be accessed via this web site: <http://www.whitehouse.gov/omb/grants/chart.html>)

9. BID SECURITY

- The advertisement, request, or solicitation for bids must specify that all bidders shall expressly covenant in any bid that if the bidder is awarded the contract, the bidder will, within the time required as stated in the advertisement or solicitation, enter into a formal contract and give a good and sufficient bond to secure the performance of the terms and conditions of the contract. The advertisement or solicitation shall specify the amount of the bond, whether the amount is set by statute or set by the public authority (not less than 10% of the bid price), and shall specify that a bid bond or other form of security specified in 18-1-203 (see below) constitutes compliance with this requirement. (MCA 18-1-202) (**Note:** For a bid for the purchase of

indebtedness, the bond may not be less than 2% of the principal amount of the indebtedness.)

- Bids for public contracts must be accompanied by bid security in the form of cash; cashier's check, certified check, bank money order, or bank draft drawn and issued by a federally or state-chartered bank insured by the federal deposit insurance corporation; or a bid bond, guaranty bond, or surety bond executed by a surety corporation authorized to do business in Montana. (MCA 18-1-203)

10. CONTRACT PERFORMANCE SECURITY

(Note: These contract performance security requirements may be waived for building or construction projects that cost less than \$50,000. (MCA 18-2-201(4)))

- Whenever a municipality contracts with a person or corporation to do work, the city/town council shall require that the person or corporation deliver a good and sufficient bond with a surety company, licensed in the state, conditioned that the person or corporation shall (1) faithfully perform all of the provisions of the contract; (2) pay all laborers, mechanics, subcontractors, and material suppliers; and (3) pay all persons who supply the person, corporation, or subcontractors with provisions, provender, material or supplies for performing the work. (MCA 18-2-201)
- The municipality may, in lieu of a surety bond, permit the deposit with the municipality of the following securities in an amount at least equal to the contract sum to guarantee the contract performance: cash; cashier's check, certified check, bank money order, certificate of deposit, money market certificate, or bank draft or irrevocable letter of credit drawn and issued by a federally or state-chartered bank or S&L association insured by the FDIC or an insured credit union. (MCA 18-2-201)

11. ACCEPTANCE AND FINAL PAYMENT ON CONSTRUCTION CONTRACTS

- A government entity that enters into a contract for the construction of a building shall, unless otherwise provided by law or the contract and within 10 days after a request by the construction contractor for final acceptance, decide whether or not to make final acceptance. Within 30 days after final acceptance by the government entity, the government entity shall make the final payment of the contract price specified in the contract to the other party to the contract. (MCA 18-2-306)

12. RETAINAGE FOR PUBLIC CONTRACTS

- The maximum retainage applied to construction contracts may not exceed 5% if the contractor is performing by the terms of the contract. (Retainage means the ratio, in percent, of funds retained to the total amount to be paid to the contractor by the government entity) (MCA 18-2-316)

(Note: In all public works contracts entered into under the provisions of Title 18, Chapter 2, Part 4, MCA, [i.e., Standard Prevailing Rate of Wages – see below] at least \$1,000 of the contract price must be withheld at all times until the termination of the public works contract. (MCA 18-2-404(2)))

13. **STATE PREVAILING WAGE RATES (MONTANA’S “LITTLE DAVIS BACON ACT”)**

- Current State prevailing wage rates established by the Montana Department of Labor and Industry can be found at: <http://erd.dli.mt.gov/labor-standards/state-prevailing-wage-information/current-prevailing-wage-rates.html>
- The *State* prevailing wage rates do not apply in those instances in which the standard prevailing rate of wages is determined by *federal* law. (MCA 18-2-402(2))
- "Public works contract" is defined as a contract for **construction services** let by the state, county, municipality, school district, or political subdivision or for **nonconstruction services** let by the state, county, municipality, or political subdivision in which the total cost of the contract is in **excess of \$25,000**. (MCA 18-2-401(11)(a))
 - √ "Construction services" means work performed by an individual in building construction, heavy construction, highway construction, and remodeling work. The term does not include engineering, superintendence, management, office, or clerical work on a public works contract; or consulting contracts, contracts with commercial suppliers for goods and supplies, or contracts with professionals licensed under state law. (MCA 18-2-401(3))
 - √ Services that qualify as "nonconstruction services" are listed at MCA 18-2-401(9) and include a wide range of activities, but do not include management, office, or clerical work.
- A public contracting agency must include in the bid specifications and contracts for any public works the following:
 - (a) an unequivocal agreement by the contractor or employer to give preference to employment of bona fide Montana residents (MCA 18-2-403);
 - (b) a statement that any construction project, excluding projects involving the expenditure of federal aid funds or where residency preference laws are specifically prohibited by federal law, the bid specifications and the contract shall provide that at least 50% of the workers of each contractor working on the project will be bona fide Montana residents (MCA 18-2-409);
 - (c) an unequivocal agreement by the contractor or employer that a worker performing labor on the project will be paid the applicable standard prevailing rate of wages;
 - (d) a listing of standard prevailing wage rates including fringe benefits applicable to the public works contract; (MCA 18-2-422) and
 - (e) the contract provisions must clearly show that the contractor or employer is bound to pay wages at rates determined by the Department of Labor and Industry, and to give required preferences.(ARM 24.17.144)

13. STATE PREVAILING WAGE RATES (MONTANA'S "LITTLE DAVIS BACON ACT") - continued

- All public works contracts and the bid specifications for those contracts must contain:
 - (1) a provision stating for each job classification the standard prevailing wage rate, including fringe benefits, that the contractors and employers shall pay during construction of the project; (See also MCA 18-2-403)
 - (2) a provision requiring each contractor and employer to maintain payroll records in a manner readily capable of being certified for submission to the Department of Labor & Industry for not less than 3 years after the contractor's or employer's completion of work on the project; and
 - (3) a provision requiring each contractor to post a statement of all wages and fringe benefits. (MCA 18-2-422)

(Note: Failure to include these provisions in a public works contract relieves the contractor from the obligation to pay the standard prevailing wage rate and places the obligation on the public contracting agency. (MCA 18-2-403(9); ARM 24.17.144)

- Transportation of goods, supplies, materials, and manufactured or fabricated items to or from the project location is not subject to payment of the standard prevailing rate of wages. (MCA 18-2-403(6))
- All public works contracts under this part must be approved in writing by the legal adviser of the contracting government prior to execution. (MCA 18-2-404(1))
- At least \$1,000 of the contract price must be withheld at all times until the termination of the public works contract. (MCA 18-2-404(2))
- Any public works contract that calls for more than 30 months to fully perform must include a provision to adjust the standard prevailing rate of wages to be paid. The standard prevailing rate of wages must be adjusted 12 months after the date of the award of the contract, and the amount of the adjustment must be a 3% increase. The adjustment must be made and applied every 12 months for the term of the contract. (MCA 18-2-417) **(Note:** Any increase in the standard rate of prevailing wages for workers under this section is the sole responsibility of the contractor and any subcontractors and not the contracting agency.)
- When a public works project costing more than \$50,000 is accepted by the public contracting agency, a notice of acceptance and the completion date of the project must be sent to the Department of Labor & Industry. The Department may *request* this information for projects costing less than this amount. (MCA 18-2-421; ARM 24.17.144)

14. ALTERNATIVE PROJECT DELIVERY CONTRACTS

- Alternative project delivery contract means a construction management contract, a general contractor construction management contract, or a design-build contract. (MCA 18-2-501)

- A governing body that uses an alternative project delivery contract shall demonstrate that the governing body has or will have knowledgeable staff or consultants who have the capacity to manage an alternative project delivery contract. (MCA 18-2-502(1))
- Prior to awarding an alternative project delivery contract, the governing body shall make a determination, in writing, that the proposal meets at least two of the sets of criteria described in (a) through (c) below, and that the proposal meets the provisions of (d). (MCA 18-2-502(2) & (3))
 - a. The project has significant schedule ramifications and using the alternative project delivery contract is necessary to meet critical deadlines by shortening the duration of construction.
 - b. By using an alternative project delivery contract, the design process will contribute to significant cost savings.
 - c. The project presents significant technical complexities that necessitate the use of an alternative delivery project contract
 - d. Using an alternative project delivery contract will not encourage favoritism or bias in awarding the contract or substantially diminish competition for the contract.
- The governing body's decision to award an alternative project delivery contract must be based, at a minimum, on:
 - (a) the applicant's history and experience with projects similar to the project under consideration; financial health; staff or workforce that is proposed to be committed to the project; approach to the project; and project costs, and
 - (b) any additional criteria or factors that reflect the project's characteristics, complexities, or goals. (MCA 18-2-503(2))
- At the conclusion of the selection process, the governing body shall state and document in writing the reasons for selecting the contractor that was awarded the contract. The documentation must be provided to all applicants and to anyone else, upon request. The governing body may compensate unsuccessful applicants for costs incurred in developing and submitting a proposal, provided that all unsuccessful applicants are treated equitably. (MCA 18-2-503(4) & (5))

15. OPTIONAL ADOPTION OF MONTANA PROCUREMENT ACT

- A city or town may adopt any or all parts of the Montana Procurement Act (Title 18, Chapter 4, MCA) and the accompanying rules promulgated by the Montana Department of Administration (ARM Chapter 2.5) (MCA 18-4-124).

16. STATE PROCUREMENT CARD PROGRAM

- **Effective July 2013**, the State of Montana amended its Procurement Card contract with US Bank to allow approved local public procurement units to participate in the Program. Financial controls in place include daily and monthly spending limits. The

Program gives local governments the ability to purchase items from the State's new online eMarket Center: <http://gsd.mt.gov/ProcurementServices/emarketcenter.mcp>

- A participating entity must follow the same terms, conditions and payment terms as outlined in the State's contract with US Bank. A copy of the State contract will be provided to the participating entity upon request. Mandatory requirements for an entity to participate in the Program include blocked merchant codes, including pawn shops, liquor stores, and jewelry stores.
- Optional recommendations to set individualized parameters on procurement cards include:
 - √ \$5,000 per month spending limit per cardholder (may be changed as needed);
 - √ Limitations on the days of the week the card can be used (Monday through Friday);
 - √ Limiting the number of transactions per day; and
 - √ Limiting the dollar amount per transaction.
- Questions? Contact State Procurement Bureau of Department of Administration– 406.444.2575.

17. **PRINTING CONTRACTS**

- The city or town council has power to provide for the city or town printing. The contract for city or town printing must be let annually to the lowest bidder. (MCA 7-5-4108)

18. **ARCHITECTURAL, ENGINEERING, AND LAND SURVEYING SERVICES**

- Governmental agencies, including cities and towns, must publicly announce requirements for architectural, engineering, and land surveying services and negotiate contracts for such professional services on the basis of demonstrated competence and qualifications for the type of professional services required and at fair and reasonable prices. (MCA 18-8-201)
- Each government shall publish in advance its requirement for professional services. The announcement must state concisely the general scope and nature of the project or work for which the services are required and the address of a representative of the government who can provide further details. A government may comply with this section by:
 - (1) publishing an announcement on each occasion when professional services provided by a licensed professional are required by the government; or
 - (2) announcing generally to the public its projected requirement for any category or type of professional services. (MCA 18-8-203)
- In the procurement of the above professional services, the government may encourage firms engaged in the lawful practice of their profession to submit annually a statement of qualifications and performance data. The government shall evaluate current

statements of qualifications and performance data on file with the government, together with those that may be submitted by other firms regarding the proposed project, and conduct discussions with one or more firms regarding anticipated concepts and the relative utility of alternative methods of approach for furnishing the required services. The government shall then select, based on criteria established under government procedures and guidelines and the law, the firm considered most qualified to provide the services required for the proposed project. The government procedures and guidelines must be available to the public and include at a minimum the criteria specified in 18-8-204(2)(b) as they relate to each firm.(MCA 18-8-204)

- The government shall negotiate a contract with the most qualified firm for the above professional services at a price which the government determines to be fair and reasonable. In making its determination, the government shall take into account the estimated value of the services to be rendered, as well as the scope, complexity, and professional nature thereof. If the government is unable to negotiate a satisfactory contract with the firm selected at a price the government determines to be fair and reasonable, negotiations with that firm must be formally terminated and the government shall select other firms in accordance with 18-8-204 and continue as directed in this section until an agreement is reached or the process is terminated. (MCA 18-8-205)
- This part need not be complied with by a government when the contracting authority makes a finding in accordance with this or any other applicable law that an emergency requires the immediate execution of the work involved. This part does not relieve the contracting authority from complying with applicable law limiting emergency expenditures.(MCA 18-8-211)
- Cities and towns securing architectural, engineering, and land surveying services for projects for which the fees are estimated not to exceed \$20,000 may contract for those professional services by direct negotiation. (MCA 18-8-212)
- No agency may separate service contracts or split or break projects for the purpose of circumventing the provisions of Title 18, Chapter 8, Part 2, MCA. (MCA 18-8-212)

19. LOCAL GOVERNMENT ENERGY PERFORMANCE CONTRACTS

- Energy performance contracts are a means by which local government units can achieve energy and water conservation without an initial capital outlay. “Energy performance contract” is defined as a contract between a local government unit and a qualified provider for evaluation, recommendation, and implementation of one or more conservation measures, evaluation of conservation-related cost savings, and a guarantee of cost savings. (MCA 90-4-1101 & 1102)
- A local government may solicit requests for qualifications (RFQ) to enter into an energy performance contract and requests for proposals for investment grade energy audits, and negotiate a contract with the most qualified provider by following the process in MCA 90-4-1104. Alternatively, the local government can avoid the RFQ

process by selecting a qualified provider from a pre-qualified list provided by the Montana Department of Environmental Quality's Air, Energy and Pollution Prevention Bureau. (MCA 90-4-1104 & 1105; MACo Newsletter 2/06)

- An investment grade audit serves as a basis for the terms of an energy performance contract. If the local government determines that the energy audit doesn't provide sufficient conservation-related cost savings, it shall pay the cost of the audit and decline to enter into the energy performance contract. If it is determined that the energy audit provides sufficient cost savings, the qualified provider shall provide plans for the proposed conservation measures. The local government may then negotiate the conservation measures to be included in the energy performance contract and enter into the contract. (MCA 90-4-1106)
- The energy performance contract may include the option of payment of the costs of the energy audit and plans provided for proposed conservation measures through project financing. (MCA 90-4-1106)
- The term of an energy performance contract must be a minimum of 3 years and may be up to the useful life of the conservation measures or 20 years, whichever is less. The contract must require the qualified provider to (1) guarantee the cost savings to the extent necessary to pay for the conservation measures, including financing charges incurred over the life of the contract, (2) monitor the costs savings, and (3) prepare an annual report documenting the performance of the conservation measures. (MCA 90-4-1107)
- Payment obligations pursuant to an energy performance contract aren't general obligations of the local government and are collectible only from conservation-related costs savings provided in the energy performance contract and other revenue, if any, pledged in the energy performance contract. (MCA 90-4-1109)

20. **FEDERAL INFORMATION RETURNS**

- The entity must report on a Federal Information Return, Form 1099-MISC, all payments of \$600 or more which the entity makes during a calendar year to anyone, other than a corporation or tax-exempt organization, who is not an employee. (U.S. Internal Revenue Service Codes)

<http://www.irs.gov/uac/Form-1099-MISC,-Miscellaneous-Income->

(Note: The following are some examples of payments to be reported on Form 1099-MISC. For a complete list, contact the IRS:

Professional service fees, such as fees to attorneys (including corporations), accountants, architects, contractors, subcontractors, etc.

Payments by attorneys to witnesses or experts in legal adjudication.

RESOLUTION NO. 4149

A RESOLUTION APPROVING A REVOCABLE LICENSE FOR NON-FEDERAL USE OF REAL PROPERTY BETWEEN THE CITY OF MILES CITY AND THE U.S. DEPARTMENT OF VETERANS AFFAIRS FOR RSVP OFFICES

WHEREAS, the City of Miles City has accepted sponsorship of the operation of the Retired and Senior Volunteer Program (RSVP), and anticipates sponsoring RSVP for the foreseeable future;

AND WHEREAS, the RSVP program wishes to enter into a license agreement with the U.S. Department of Veterans Affairs for the continued use of the RSVP program offices;

AND WHEREAS, the license agreement presented by the Department of Veterans Affairs is for an extended term, which will expire April 30, 2020;

NOW THEREFORE BE IT RESOLVED by the City Council of Miles City, Montana, as follows:

It does hereby authorize and approve the Revocable License For Non-Federal Use Of Real Property between the City and the Department of Veterans Affairs, attached hereto as Exhibit "A," and hereby authorizes the Mayor of the City of Miles City to execute such lease agreement, and bind the City of Miles City thereto.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A DULY CALLED MEETING THIS 24TH DAY OF APRIL, 2018.

John Hollowell, Mayor

ATTEST:

Lorrie Pearce, City Clerk

EXHIBIT A



Department of Veterans Affairs

REVOCABLE LICENSE FOR NON-FEDERAL
USE OF REAL PROPERTY

1. LICENSE NO.

[Empty box for license number]

A revocable license affecting the property described and for the purpose designated below is hereby granted to the licensee here named, subject to all of the conditions, special and general, hereinafter enumerated.

2. NAME OF LICENSEE Miles City Montana RSVP	4. NAME AND ADDRESS OF INSTALLATION Montana VA Medical Care Center 3687 Veterans Drive, Ft Harrison, MT. 59636	
3. ADDRESS OF LICENSEE 210 S. Winchester Avenue, MILES CITY, MT 59301	5. PERIOD COVERED FROM (Month, day, year) TO (Month, day, year) July 1, 2018 June 30, 2020	

6. CONSIDERATION
 Five Thousand Ten dollars annually.

7A. DESCRIPTION OF PROPERTY AFFECTED (As shown on Exhibit(s) attached hereto and made a part hereof.) Building 1 rooms 226LG and room 226SM with a total of 501 square feet	7B. EXHIBIT(S) ATTACHED 1. Site Map
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8. PURPOSE OF LICENSE
 Office space for Senior Retired Volunteer Program (RSVP)

By the acceptance of this license, the licensee agrees to abide by and be bound by the general and special conditions indicated hereon and attached hereto.

9. SPECIAL CONDITIONS
 This revocable license will expire on June 30, 2020 with no renewal options. This license may be terminated at any time by either party with 60 days written notice. See the general conditions on reverse.

VETERANS AFFAIRS LICENSOR	LICENSEE
DATE OF LICENSE (Month, day, year)	DATE ACCEPTED (Month, day, year)
SIGNATURE(S) OF LICENSOR (Sign in ink)	SIGNATURE(S) AND TYPED NAME OF SIGNATORY John Hollowell
ADDRESS OF LICENSOR Darren J. Blue, Associate Executive Director Department of Veterans Affairs Office of Real Property (003C1E) 425 I Street, NW Washington, DC 20001	TITLE OF SIGNATORY Mayor, City of Miles City TELEPHONE NO. OF LICENSEE (Including Area Code) (406) 234-3462

If licensee is a corporation, the following Certificate of Licensee must be executed:

CERTIFICATE OF COPORATE LICENSEE

I, [] , certify that I am the []
 Secretary of the corporation named as licensee herein; that []
 who signed said license on behalf of the licensee was then []
 of said corporation; that said license was duly signed for and in behalf of said corporation by authority of its governing body, and
 is within the scope of its corporate powers.

(CORPORATE)
 (SEAL)

 (Signature) (Sign in ink)

GENERAL CONDITIONS

a. **COMPLIANCE.** Any use made of property affected by the license, and any construction, maintenance, repair, or other work performed thereon by the licensee, including the installation and removal of any article or thing, shall be accomplished in a manner satisfactory to the Department of Veterans Affairs.

b. **STRUCTURES.** The licensee shall not place or construct upon, over, or under the property any installation or structure of any kind or character, except such as are specifically authorized herein.

c. **LAWS AND ORDINANCES.** In the exercise of any privilege granted by this license, licensee shall comply with all applicable State, municipal, and local laws, and the rules, orders, regulations, and requirements of Federal governmental departments and bureaus.

d. **SANITARY CONDITIONS.** If this license gives possession of United States property, the licensee shall at all times keep the premises in a sanitary condition satisfactory to the Department of Veterans Affairs

e. **DAMAGE.** Except as may be otherwise provided by the Special Conditions, no United States property shall be destroyed, displaced, or damaged by the licensee in the exercise of the privilege granted by this license without the prior written consent of the Department of Veterans Affairs and the express agreement of the licensee promptly to replace, return, repair, and restore any such property to a condition satisfactory to the Department of Veterans Affairs upon demand. Licensee shall conduct no mining operation nor remove any mineral substances from the premises of the Government which are herein licensed to be used.

f. **IDEMNIFICATION.** The license shall indemnify and save harmless the United States, its agents and employees against any and all loss, damage, claim, or liability whatsoever, due to personal injury or death, or damage to property of others directly or indirectly due to the exercise by the licensee of the privilege granted by this license, or any other act or omission of licensee, including failure to comply with the obligations of said license.

g. **STORAGE.** Any United States property which must be removed to permit exercise of the privilege granted by this license shall be stored, relocated, or removed from the site, and returned to its original location upon termination of this license, at the sole cost and expense of the licensee, as directed by the Department of Veterans Affairs.

h. **OPERATION.** The licensee shall confine activities on the property strictly to those necessary for the enjoyment of the privilege hereby licensed, and shall refrain from marring or impairing the appearance of said property, obstructing access thereto, interfering with the transaction of the Government business and the convenience of the public, or jeopardizing the safety of persons or property, or causing justifiable public criticism.

i. **NOTICE.** Any property of the licensee installed or located on the property affected by this license shall be removed within 30 days of written notice from the Department of Veterans Affairs.

j. **GUARANTEE DEPOSIT.** Any deposit which may be required to guarantee compliance with the terms and conditions of this license shall be in the form of a certified check, cashier's check, or postal money order in the amount designated payable to the Department of Veterans Affairs.

k. **BOND.** Any bond required by this license shall be in the amount designated, executed in manner and form and with sureties satisfactory to the Department of Veterans Affairs.

l. **EXPENSE.** Any cost, expense, or liability connected with or in any manner incident to the granting, exercise, enjoyment, or relinquishment of this license shall be assumed and discharged by the licensee

m. **ATTEMPTED VARIATIONS.** There shall be no variation or departure from the terms of this license without prior written consent of the Department of Veterans Affairs.

n. **NONDISCRIMINATION.** Any activity, program, or use made of the property by the licensee will be in compliance with the provisions of VA Form 2135, which is attached hereto and made a part of this revocable license by reference.

o. **ASSIGNMENT, REVOCATION, AND ABANDONMENT.** This license is unassignable and shall be revocable by either party within the time indicated under special conditions. Upon revocation of this license or abandonment by the licensee, at the election of the Government, the licensee shall restore the property to substantially the same conditions as those existing at the time of entry.

**Department of
Veterans Affairs**

Memorandum

Date: 4/10/2018

From: Director of Land Management, Office of Real Property (003C1E)

Subj: Miles City VA Complex "Tenancy at Will"

To: Miles City RSVP

Miles City RSVP's previous lease at the Miles City VA Medical Complex at 210 S. Winchester Avenue in Miles City, Montana expired during the fall of 2017. Since that time, your tenancy status has been of a "Tenancy at Will". The Office of Real Property has recommended all At Will tenants establish a current agreement. The recommended tenancy agreement will be a Revocable License. The license will be for a term of two years and either party may terminate the agreement with a 60-day written notice.

Terms are as follows: two year (twenty four month) term, rental rate of \$10.00 per square foot including utilities. Tenant is also required to possess at all times a current one million dollar (\$1,000,000) liability insurance policy and a separate one million dollar (\$1,000,000) fire/hazard policy covering their licensed space.

All proceeds from this Lease shall be made payable to the Treasurer of the United States and forwarded to the agent cashier (04), Montana VA Medical Care Center 3687 Veterans Drive, Ft Harrison, MT. 59636. License Number should be reflected on any payments to assist with VA's accounting records.

If you have any questions, they may be addressed by contacting Patrick Tivnan at the Office of Real Property, 202-632-5607 or patrick.tivnan@va.gov.

Elizabeth B. Heller:

Elizabeth B. Heller

Date 04/10/2018

RESOLUTION NO. 4150

A RESOLUTION APPROVING A REVOCABLE LICENSE FOR NON-FEDERAL USE OF REAL PROPERTY BETWEEN THE CITY OF MILES CITY AND THE U.S. DEPARTMENT OF VETERANS AFFAIRS FOR POLICE DEPARTMENT OFFICES.

WHEREAS, the City wishes to enter into a license agreement with the U.S. Department of Veterans Affairs for the continued use of the Police Department offices;

AND WHEREAS, the license agreement presented by the Department of Veterans Affairs is for an extended term, which will expire April 30, 2020;

NOW THEREFORE BE IT RESOLVED by the City Council of Miles City, Montana, as follows:

It does hereby authorize and approve the Revocable License For Non-Federal Use Of Real Property between the City and the Department of Veterans Affairs, attached hereto as Exhibit "A," and hereby authorizes the Mayor of the City of Miles City to execute such lease agreement, and bind the City of Miles City thereto.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A DULY CALLED MEETING THIS 24TH DAY OF APRIL, 2018.

John Hollowell, Mayor

ATTEST:

Lorrie Pearce, City Clerk

EXHIBIT A



Department of Veterans Affairs

REVOCABLE LICENSE FOR NON-FEDERAL
USE OF REAL PROPERTY

1. LICENSE NO.

[Empty box for license number]

A revocable license affecting the property described and for the purpose designated below is hereby granted to the licensee here named, subject to all of the conditions, special and general, hereinafter enumerated.

<p>2. NAME OF LICENSEE</p> <p>Miles City, MT Police Department</p>	<p>4. NAME AND ADDRESS OF INSTALLATION</p> <p>Montana VA Medical Care Center</p> <p>3687 Veterans Drive,</p> <p>Ft Harrison, MT. 59636</p>					
<p>3. ADDRESS OF LICENSEE</p> <p>210 S. Winchester Avenue, MILES CITY, MT 59301</p>	<p>5. PERIOD COVERED</p> <table border="1"> <tr> <td>FROM (Month, day, year)</td> <td>TO (Month, day, year)</td> </tr> <tr> <td>May 1, 2018</td> <td>April 30, 2020</td> </tr> </table>		FROM (Month, day, year)	TO (Month, day, year)	May 1, 2018	April 30, 2020
FROM (Month, day, year)	TO (Month, day, year)					
May 1, 2018	April 30, 2020					

6. CONSIDERATION

Thirty Four Thousand Four Hundred Fifty Four dollars annually. (monthly \$2,871.17)

<p>7A. DESCRIPTION OF PROPERTY AFFECTED (As shown on Exhibit(s) attached hereto and made a part hereof.)</p> <p>Building 1 rooms 139,139A,140,140A,141,142,142A,143,144,145,146,147,232,233 and corridor located in building 1 and parking stall in building 13.</p>	<p>7B. EXHIBIT(S) ATTACHED</p> <p>1. Site Map</p>
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8. PURPOSE OF LICENSE

Miles City Law Enforcement

By the acceptance of this license, the licensee agrees to abide by and be bound by the general and special conditions indicated hereon and attached hereto.

9. SPECIAL CONDITIONS

This revocable license will expire on April 30, 2020 with no renewal options. This license may be terminated at any time by either party with 60 days written notice. See the general conditions on reverse.

VETERANS AFFAIRS LICENSOR	LICENSEE
DATE OF LICENSE (Month, day, year)	DATE ACCEPTED (Month, day, year)
SIGNATURE(S) OF LICENSOR (Sign in ink)	SIGNATURE(S) AND TYPED NAME OF SIGNATORY Chief Doug Colombik
ADDRESS OF LICENSOR Darren J. Blue, Associate Executive Director Department of Veterans Affairs Office of Real Property (003C1E) 425 I Street, NW Washington, DC 20001	TITLE OF SIGNATORY Miles City Police TELEPHONE NO. OF LICENSEE (Including Area Code) (406) 874-8700

If licensee is a corporation, the following Certificate of Licensee must be executed:

CERTIFICATE OF COPORATE LICENSEE

I, [Empty box], certify that I am the [Empty box]
Secretary of the corporation named as licensee herein; that [Empty box]
who signed said license on behalf of the licensee was then [Empty box]
of said corporation; that said license was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(CORPORATE)
(SEAL)

(Signature) (Sign in ink)

GENERAL CONDITIONS

a. **COMPLIANCE.** Any use made of property affected by the license, and any construction, maintenance, repair, or other work performed thereon by the licensee, including the installation and removal of any article or thing, shall be accomplished in a manner satisfactory to the Department of Veterans Affairs.

b. **STRUCTURES.** The licensee shall not place or construct upon, over, or under the property any installation or structure of any kind or character, except such as are specifically authorized herein.

c. **LAWS AND ORDINANCES.** In the exercise of any privilege granted by this license, licensee shall comply with all applicable State, municipal, and local laws, and the rules, orders, regulations, and requirements of Federal governmental departments and bureaus.

d. **SANITARY CONDITIONS.** If this license gives possession of United States property, the licensee shall at all times keep the premises in a sanitary condition satisfactory to the Department of Veterans Affairs.

e. **DAMAGE.** Except as may be otherwise provided by the Special Conditions, no United States property shall be destroyed, displaced, or damaged by the licensee in the exercise of the privilege granted by this license without the prior written consent of the Department of Veterans Affairs and the express agreement of the licensee promptly to replace, return, repair, and restore any such property to a condition satisfactory to the Department of Veterans Affairs upon demand. Licensee shall conduct no mining operation nor remove any mineral substances from the premises of the Government which are herein licensed to be used.

f. **IDEMNIFICATION.** The license shall indemnify and save harmless the United States, its agents and employees against any and all loss, damage, claim, or liability whatsoever, due to personal injury or death, or damage to property of others directly or indirectly due to the exercise by the licensee of the privilege granted by this license, or any other act or omission of licensee, including failure to comply with the obligations of said license.

g. **STORAGE.** Any United States property which must be removed to permit exercise of the privilege granted by this license shall be stored, relocated, or removed from the site, and returned to its original location upon termination of this license, at the sole cost and expense of the licensee, as directed by the Department of Veterans Affairs.

h. **OPERATION.** The licensee shall confine activities on the property strictly to those necessary for the enjoyment of the privilege hereby licensed, and shall refrain from marring or impairing the appearance of said property, obstructing access thereto, interfering with the transaction of the Government business and the convenience of the public, or jeopardizing the safety of persons or property, or causing justifiable public criticism.

i. **NOTICE.** Any property of the licensee installed or located on the property affected by this license shall be removed within 30 days of written notice from the Department of Veterans Affairs.

j. **GUARANTEE DEPOSIT.** Any deposit which may be required to guarantee compliance with the terms and conditions of this license shall be in the form of a certified check, cashier's check, or postal money order in the amount designated payable to the Department of Veterans Affairs.

k. **BOND.** Any bond required by this license shall be in the amount designated, executed in manner and form and with sureties satisfactory to the Department of Veterans Affairs.

l. **EXPENSE.** Any cost, expense, or liability connected with or in any manner incident to the granting, exercise, enjoyment, or relinquishment of this license shall be assumed and discharged by the licensee.

m. **ATTEMPTED VARIATIONS.** There shall be no variation or departure from the terms of this license without prior written consent of the Department of Veterans Affairs.

n. **NONDISCRIMINATION.** Any activity, program, or use made of the property by the licensee will be in compliance with the provisions of VA Form 2135, which is attached hereto and made a part of this revocable license by reference.

o. **ASSIGNMENT, REVOCATION, AND ABANDONMENT.** This license is unassignable and shall be revocable by either party within the time indicated under special conditions. Upon revocation of this license or abandonment by the licensee, at the election of the Government, the licensee shall restore the property to substantially the same conditions as those existing at the time of entry.

**Department of
Veterans Affairs**

Memorandum

Date: 4/10/2018

From: Director of Land Management, Office of Real Property (003C1E)

Subj: Miles City VA Complex "Tenancy at Will"

To: Miles City Police Department

Miles City Police Department's previous lease at the Miles City VA Medical Complex at 210 S. Winchester Avenue in Miles City, Montana expired during the fall of 2017. Since that time, your tenancy status has been of a "Tenancy at Will". The Office of Real Property has recommended all At Will tenants establish a current agreement. The recommended tenancy agreement will be a Revocable License. The license will be for a term of two years and either party may terminate the agreement with a 60-day written notice.

Terms are as follows: two year (twenty four month) term, rental rate of \$10.00 per square foot including utilities. Tenant is also required to possess at all times a current one million dollar (\$1,000,000) liability insurance policy and a separate one million dollar (\$1,000,000) fire/hazard policy covering their licensed space.

All proceeds from this Lease shall be made payable to the Treasurer of the United States and forwarded to the agent cashier (04), Montana VA Medical Care Center 3687 Veterans Drive, Ft Harrison, MT. 59636. License Number should be reflected on any payments to assist with VA's accounting records.

If you have any questions, they may be addressed by contacting Patrick Tivnan at the Office of Real Property, 202-632-5607 or patrick.tivnan@va.gov.

Elizabeth B. Heller: *Elizabeth B. Heller* Date 04/10/2018

RESOLUTION NO. 4151

A RESOLUTION AUTHORIZING THE CITY OF MILES CITY TO ENTER INTO A SALES AGREEMENT FOR PURCHASE OF A 2018 FORD MR250 AMBULANCE WITH SAWTOOTH EMERGENCY VEHICLES, INC.

WHEREAS, the City of Miles City has solicited bids for a new ambulance, and after receiving and opening all bids, awarded said contract to Sawtooth Emergency Vehicles, Inc. (“Sawtooth”);

AND WHEREAS, Sawtooth has provided a Sales Agreement For Ambulance for the purchase of a 2018 Ford MR250 based ambulance, which sets for the basic terms of the build and purchase of said ambulance;

NOW THEREFORE BE IT RESOLVED by the City Council of Miles City, Montana, as follows:

1. The “SALES AGREEMENT FOR AMBULANCE,” attached hereto as Exhibit “A”, and made a part hereof, is hereby approved and adopted by this Council.

2. The Mayor of the City of Miles City is hereby empowered and authorized to execute said Agreement on behalf of the City of Miles City and bind the City of Miles City thereto.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A DULY CALLED MEETING THIS 24TH DAY OF APRIL, 2018.

John Hollowell, Mayor

ATTEST:

Lorrie Pearce, City Clerk

EXHIBIT A

SALES AGREEMENT FOR AMBULANCE

SELLER:

Sawtooth Emergency Vehicles, Inc.
5726 North Morpheus Place
Meridian, ID 83646

PURCHASER:

City of Miles City
17 South 8th Street
Miles City, MT 59301

The terms of this agreement are as follows:

The ambulance shall be **2018 Ford MR250 Transit Van** chassis with **Medix SRH-148 AL model conversion** Vehicle Identification Number is: unknown at this time as chassis will be special order due to new production year. The ambulance shall be equipped and constructed as specified and approved by the purchaser.

The purchase price shall be **\$124,844.00 Final delivery to Miles City, MT.**

This ambulance is a custom new ambulance and delivery is estimated **June 30th, 2018 or earlier.** We understand the urgency in this agency. We will update as we have the chassis on property.

Payment in full is to be made upon delivery and acceptance of the ambulance. If Purchaser is using services of a financial agency for this purchase it is purchaser's responsibility to monitor and facilitate the process to insure payment will be made at that time. If full payment is not made at that time and place Seller may impose interest charges at the rate of 1.5% of the unpaid balance per month. Under no circumstances shall full payment including interest be delayed past 30 calendar days.

The ambulance shall be delivered with all accessories, manuals, and equipment as detailed in the specification, along with any subsequent mutually agreed on changes.

The ambulance shall be delivered with a full tank of fuel, shall receive oil and filter change and any other chassis service scheduled prior to delivery.

The ambulance shall be delivered by over the road driving. The ambulance shall be fully insured against accidents, hazards, or other damage, on the policy of Seller when being driven by an agent of Seller.

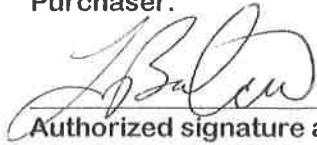
This agreement shall be construed and governed in all matters by the laws of the State of Montana.

Dispute resolution shall be made through alternative dispute resolution via binding arbitration. Each party shall select an equal number of names from a pool of qualified arbitrators recognized by the American Arbitration Society and will strike one name until two names are left, with Seller striking the final name. Each party shall bear equal share

of all direct and associated costs of the arbitration and shall work cooperatively and in good faith to schedule meeting times and mutually accessible meeting locations.

The prevailing party in any action commenced hereunder shall be entitled to a reasonable sum as attorney's fees, together with all related costs. An action brought for breach of this agreement shall be commenced within one (1) year after cause of action is accrued.

This agreement shall not be modified, except by expressed written consent of the corporate officers of Sawtooth Emergency Vehicles, Inc. and the written consent of the Purchaser.



Authorized signature and title
Sawtooth Emergency Vehicles, Inc.

Date: _____

Authorized signature and title
Purchaser

Date: _____

RESOLUTION NO: 4153

A RESOLUTION ESTABLISHING REVISED RATES FOR LABOR AND EQUIPMENT

WHEREAS, the City, from time to time, charges a fee for the contracted use of City equipment and personnel; and

WHEREAS, the City has determined that said fees should be adjusted to reflect the current costs of providing said services;

NOW, THEREFORE, BE IT RESOLVED by the Council of Miles City, Montana, as follows:

1. That the City of Miles City shall charge for contracted use of City equipment and personnel those rates set forth in Exhibit "A", which is hereby incorporated into this resolution as if fully set forth herein.

2. BE IT FURTHER RESOLVED that a public hearing shall be held on said fees on the 8th day of May, 2018, at 7:00 p.m. in the City Council Chambers at City Hall, Miles City, Montana. The City Clerk shall cause notice of such hearing to be published in the Miles City Star, pursuant to §7-1-4128 MCA, 2 times with at least 6 days separating each publication.

SAID RESOLUTION READ AND PUT UPON ITS FINAL PASSAGE THIS 24th day of April, 2018.

JOHN HOLLOWELL, Mayor

ATTEST:

Lorrie Pearce, City Clerk

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, THIS 8th day of May, 2018.

JOHN HOLLOWELL, Mayor

ATTEST:

Lorrie Pearce, City Clerk

EXHIBIT A

Labor & Equipment W/O Labor Rates

April 24, 2018

*Proposed
New Rates*

Labor: Regular Time \$40/ Hour

1 ½ Time \$60/ Hour

Double Time \$80/ hour

Public Works & Utilities Equipment:

Description	Per Hour	Description	Per Hour
Bagela	\$75.00	Sewer TV Van Equipment	\$100.00
Excavator	\$180.00	Wacker Steel Wheel RT	\$50.00
Backhoe	\$110.00	Durapatcher	\$75.00
Loader	\$130.00	Sullair Air Comp w/Tools	\$65.00
Vactor Hydro flusher	\$180.00	Wood Chipper	\$50.00
#29 Hydro flusher	\$100.00	Oil Distributor	\$65.00
10 & 12 Yd. Dump Trucks	\$95.00	Bucket Truck	\$90.00
5 Yd. Dump Truck & Belly Dump	\$70.00	Service Truck	\$90.00
Motor grader	\$135.00	3" Mud Pump	\$30.00
Pelican Sweeper	\$110.00	3" Wacker Mud Pump	\$30.00
Mini Excavator	\$100.00	4" Trash Pump Trl.Mount	\$50.00
Case 85 XT Skidster	\$95.00	6" Trash Pump Trl Mount	\$60.00
Sanders	\$75.00	T50T Triple Axel Trailer	\$75.00
Flusher Truck	\$85.00	Snow Crete Snow Blower	\$125.00
Sakai Roller	\$65.00	5 th Wheel trailer	\$35.00
JD Weed Mower	\$85.00	Grove Man Lift	\$65.00
Asphalt Miller	\$75.00	Steamer	\$80.00
Transport Truck & Trailer	\$150.00	Barricades (\$50 to replace)	\$5.00 Day

Parks Equipment:

Description	Per Hour
Toro Weed Mower 325 D	\$50.00
Toro Mower 322 D	\$65.00
Toro Mower 328 D	\$65.00
Toro Fairway Mower 4100	\$75.00
John Deere Zero Turn Mower	\$65.00
BobcatToolcat	\$90.00
Parks Sweepers	\$75.00
Polaris Ranger	\$50.00
Kawasaki Mule	\$50.00
4 Wheeler w/ Sprayer	\$65.00
Garbage Truck	\$70.00
Kubota Tractor	\$90.00
John Deere Tractor	\$75.00
Trencher	\$65.00
V Blade	\$50.00
Auger	\$50.00
Broom	\$50.00
Seeder	\$50.00
Aerator	\$50.00
Big Tex Trailer	\$35.00
Tree Spade	\$100.00

****Fees do not include fuel and materials****

LABOR & EQUIPMENT W/O LABOR RATES

December 16, 2008

OLD Rates

LABOR: Regular Time-----⁴⁰~~\$20~~./Hour
 1 ½ Time-----⁶⁰~~\$45~~./Hour
 Double Time-----~~\$80~~./Hour

EQUIPMENT - Time of Day Out/In

DESCRIPTION PER HOUR

200 LC Excavator	\$180	\$120.00
310 SJ Backhoe	\$110	\$75.00
#20 Vactor Hydroflusher	\$180	\$120.00
544 J Loader	\$120	\$85.00
#19 Hydroflusher	\$100	\$70.00
Asphalt Miller	\$85	\$55.00
Steamer	\$80	\$40.00
5 Yd. Dump Truck	\$70	\$40.00
12 Yd. Dump Truck	\$95	\$50.00
670 B Blade	\$135	\$75.00
Pelican Sweeper	\$110	\$80.00
Terrant Sweeper		\$80.00
TV Equipment	100	\$80.00
Wacker Steel Wheel RT	50	\$30.00
Stone Compactor	30	\$15.00
T-3 Flusher	\$85	\$85.00
Sander (T-58 or T-36)	\$70	\$35.00
Case Roller	5	\$30.00
Steamer		\$40.00

DESCRIPTION PER HOUR

Sullair Air Comp w/Tools	65	\$30.00
Chipper	50	\$25.00
JD Weed Mower	85	\$50.00
✓ Toro Weed Mower	40	\$30.00
✓ Park Sweeper	50	\$25.00
3/4 Ton Pickups	30	\$12.50
1 Ton Pickups	30	\$15.00
Oil Distributor	50	\$30.00
#33 Bucket Truck	90	\$60.00
Mud Pump 3"	30	\$15.00
Wacker Pump 3"	30	\$15.00
T50T Triple Axle Trailer	75	\$25.00
Trash Pump 6"Trl. Mount	50	\$25.00
Trash Pump 4"Trl. Mount	50	\$20.00
Rhino Trailer	20	\$10.00
18' Trailer	30	\$15.00
5 th Wheel Trailer	30	\$15.00
Grove Man Lift	50	\$30.00
Barricades - (\$80 to replace)		\$200/day
	\$50	\$5

Mini Ex \$100
 Sakai
~~Kawasaki~~ Roller \$60

****Fees do not include fuel and materials****

CASE SKIDSTER \$95

RESOLUTION NO. 4154

A RESOLUTION APPROVING AN AGREEMENT FOR PROFESSIONAL SERVICES WITH KADRMAS, LEE & JACKSON, INC., FOR PROFESSIONAL SERVICES AT FRANK WILEY FIELD.

WHEREAS, the City of Miles City requires services related to certain improvements at Frank Wiley Field (Miles City Airport), and wishes to engage Kadrmas, Lee & Jackson, Inc. (KLJ), a City of Miles City for assistance with said projects.

AND WHEREAS, KLJ has agreed to provide such services pursuant to the terms of a certain Agreement for Professional Services;

NOW THEREFORE, IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA AS FOLLOWS:

1. The “Agreement for Professional Services” between the City and KLJ for engineering services related to certain airport improvements at Frank Wiley Field, as set forth in Exhibit “A”, attached hereto and made a part hereof, is hereby approved and adopted by this Council.

2. The Mayor of the City of Miles City is hereby empowered and authorized to execute said Agreement on behalf of the City of Miles City, and bind the City of Miles City thereto.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A REGULAR MEETING THIS 24th DAY OF APRIL, 2018.

John Hollowell, Mayor

ATTEST:

Lorrie Pearce, City Clerk

EXHIBIT A
AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT, made this 9th of March, 2018 (effective date) by and between City of Miles City, having an address of 17 South 8th Street, hereinafter referred to as the "OWNER", and Kadmas, Lee & Jackson, Inc. (KLJ), having an address of 4585 Coleman Street, Bismarck, ND 58503, hereinafter referred to as the "ENGINEER".

WITNESSETH: That the OWNER and ENGINEER, for the consideration hereinafter named, agree as follows:

I. GENERAL DESCRIPTION OF WORK TO BE PERFORMED.

The OWNER agrees to and hereby does retain and employ ENGINEER and ENGINEER agrees to perform Professional Services for the project at the Frank Wiley Field (Miles City Airport), AIP 3-30-0055-017-2018, KLJ Project No. 2517105.

WHEREAS, the proposed project is described as follows:

- A. Instrument Procedure Development (IPD) design survey for relocation of Runway 4-22 thresholds
- B. Design Services for Airport Improvements to Include:
 - Phase II RW 4-22 Threshold Relocation
 - RW 4-22 & RW 13-31 Intersection Reconfiguration
 - Wildlife Fence Relocation
 - Airport Beacon Replacement
 - Relocate Fuel System Power Service
 - Reconstruct Hangar Access Taxilane and County T-Hangar Apron
 - Pavement Maintenance (Taxiways A, B & C and Apron)
 - Helicopter Landing Area Relocation
 - Acquire Snow Removal Equipment
- C. Project Closeout Report

The Project and those services to be performed hereunder are more particularly described in ATTACHMENT A, a part hereof, entitled "Detailed Scope of Services", and the anticipated level of effort is defined in ATTACHMENT B entitled "Hourly Rate and Cost Breakdown", both parts hereof.

II. PERIOD OF SERVICE.

Compensation for ENGINEER's services as provided elsewhere in this Agreement has been agreed to in anticipation of an orderly and continuous progress of ENGINEER's services through completion. In this regard, if the services covered by this Agreement have not been completed within 24 months of the date hereof, through no fault of ENGINEER, any lump sum or maximum payment amounts shall be equitably adjusted.

III. COMPENSATION.

Compensation on this project shall be broken into separate and independent forms of compensation. The first form of compensation shall be lump sum compensation. The second form of compensation shall be cost plus fixed fee compensation. The third form of compensation shall be hourly rate compensation. Following the description of the compensation method below, a chart details the items which will be compensated on lump sum basis, cost plus fixed fee basis, and hourly rate basis. Generally speaking, those items compensated on a cost plus fixed fee are items that are currently not possible to be estimated accurately. These include, for instance, construction observation and project records phases, which are dependent upon the Contractor who is doing the construction work and the year in which it is constructed. Compensation under an hourly rate basis is typically used when the scope of services is open-ended, unknown and / or not definable. In this case, the ENGINEER shall only bill the cost and fixed fee that is used for that task. Previously audited overhead and general/administrative overhead at 181.55% shall apply to this agreement. The cost of facilities rate of .96% and fixed fee rate of 15% shall apply to this agreement.

A. Lump Sum Compensation.

For those work items specified below in the compensation table for lump sum payments, the OWNER shall compensate the ENGINEER for services a lump sum amount to cover all costs for completion of that work item. These costs shall include salary costs, overhead costs, direct non-salary expense, and all other expenses as defined within the latest edition of FAA Advisory Circular 150/5100-14.

The lump sum payment shall be based upon the hours and expenses provided within Attachment B that follow, and shall include a fixed fee payment. The lump sum fee made for these items shall constitute full and total compensation for all of the work necessary to complete the individual items specified in the scope of services. Changes in the scope of services as defined at the time this contract is negotiated shall reflect an additional compensation as negotiated by the ENGINEER and the OWNER. Monthly payments for those items specified below shall be based upon the percentage of work completed to date.

The table below indicates those work items covered as a lump sum payment item, and the total cost or compensation for each of these individual items. ATTACHMENT B provides the justifications for the lump sum fees.

Task Item	Total Compensation
Instrument Procedure Development AGIS Survey	\$134,200.00
Design Services for Airport Improvements	\$236,700.00
FAA Project Closeout Report	\$6,700.00

All payments not made within 60 days of the date of the invoice shall be subject to 1.5% per month in interest fees.

B. Cost Plus Fixed Fee Compensation.

The OWNER shall compensate the ENGINEER for services on an actual cost plus a fixed fee basis. The actual costs will consist of salary costs, overhead expenses, and direct non-salary expenses as defined in the latest edition of FAA Advisory Circular 150/5100-14. All direct salary costs and expenses may be verified by auditing at the conclusion of this project. The fixed payment, based on the schedules in ATTACHMENT B, shall not vary from the maximum specified unless

the overall scope of the project changes. The table below includes the description of services, the total estimated compensation for this service, and the fixed fee payment.

Payment to the ENGINEER shall be on a monthly basis as the work progresses.

Table B Cost Plus Fixed Fee Compensation		
Task Item	Fixed Fee Payment	Total Compensation
Not Applicable To This Project	NA	NA

All payments not made within 60 days of the date of the invoice shall be subject to 1.5% per month in interest fees.

C. Hourly Rate Compensation.

The OWNER shall compensate the ENGINEER for services on an actual cost plus overhead and fixed fee basis. The actual costs will consist of salary costs, overhead expenses, and direct non-salary expenses as defined in the latest edition of FAA Advisory Circular 150/5100-14. All direct salary costs and expenses may be verified by auditing at the conclusion of this project. The fixed fee shall be included in the hourly rate. The table below includes the description of services and the total estimated compensation for this service.

Payment to the ENGINEER shall be on a monthly basis as the work progresses. Refer to ATTACHMENT B for a detailed breakdown.

Table C Hourly Rate Compensation	
Task Item	Total Compensation
Not Applicable To This Project	NA

All payments not made within 60 days of the date of the invoice shall be subject to 1.5% per month in interest fees.

D. GENERAL.

The total compensation for all agreement costs, based on the estimated costs put forth in Attachment B shall not exceed \$377,600.00. The fixed payment for all phases, based upon the estimated costs put forth in Table B shall be a lump sum amount of \$377,600.00. For any form of compensation listed above, the individual compensation amounts shall not exceed the maximum amount shown unless approved in writing by the OWNER.

IV. EXTRA WORK AND SERVICES NOT INCLUDED IN THIS CONTRACT.

If the ENGINEER is of the opinion that any services it has been directed to perform is beyond the Scope of this Agreement, or that the level of effort required significantly exceeds that estimated due to changed conditions and thereby constitutes extra work, they shall promptly notify the OWNER of that fact. Extra work, additional compensation for same, and extension of time for completion shall be covered by a Supplemental Agreement entered into by both parties, prior to proceeding with any extra work or related expenditures.

V. OWNER'S RESPONSIBILITY.

To permit ENGINEER to perform the services required hereunder, the OWNER shall (except to the extent provided otherwise in ATTACHMENT A) supply in proper time and sequence, the following at no expense to ENGINEER.

- A. Cooperate with the ENGINEER in the approval of all information submitted for review, or should they disapprove of any part of said information, shall make a decision timely in order that no undue expense will be caused the ENGINEER because of lack of decisions. If the ENGINEER is caused rework, extra drafting or other expenses due to changes ordered by the OWNER after the completion and approval of the information submitted, the ENGINEER shall be equitably paid for such extra expenses and services involved.
- B. Pay publishing costs for advertisements of notices, public hearings, request for bids, and other similar items; shall pay for all permits and licenses that may be required by local, state or Federal authorities; shall secure the necessary land, easements, and right-of ways required for the project; and shall pay the costs of all material acceptance testing during the construction phase of the project performed by independent testing laboratories.
- C. Designate in writing, a person to act as OWNER's representative with respect to the services to be rendered under this Agreement. Such person shall have authority to transmit instructions, receive instructions, receive information, interpret and define OWNER's policies with respect to ENGINEER's services.
- D. Furnish, as required for performance of ENGINEER's services, data prepared by or services of others, including without limitation, core borings, probings and subsurface explorations, hydrographic and geohydrologic surveys, laboratory tests and inspections of samples, materials and equipment; appropriate professional interpretations of all of the foregoing; environmental assessment and impact statements; property, boundary, easement, right-of-way, topographic and utility surveys; property descriptions; zoning, deed and other land use restriction; and other special data.
- E. Provide access to, and make all provisions for ENGINEER to enter upon publicly- and privately-owned property as required to perform the work.
- F. Act as liaison with other agencies to carry out necessary coordination and negotiations; furnish approvals and permits from all governmental authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Project.
- G. Examine all reports, sketches, drawings, specifications and other documents prepared and presented by ENGINEER, obtain advise of an attorney, insurance counselor or others as OWNER deems necessary for such examination and render in writing or decisions pertaining thereto within a reasonable time so as not to delay the services of ENGINEER.
- H. Give prompt written notice to ENGINEER whenever OWNER observes or otherwise becomes aware of any development that affects the scope or timing of ENGINEER's services or any defect in the work of Construction Contractor(s), ENGINEER's Consultants or ENGINEER.
- I. Initiate action, where appropriate, to identify and investigate the nature and extent of asbestos and/or pollution in the Project and to abate and/or remove the same as may be required by federal, state or local statute, ordinance, code, rule, or regulation now existing or hereinafter enacted or amended. For purposes of these General Provisions, "pollution" shall mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, alkalis, chemicals and hazardous or toxic waste. Hazardous or toxic waste means any substance, waste, pollutant or contaminant now or hereafter included within such terms under any federal, state

or local statute, ordinance, code, rule or regulation now existing or hereinafter enacted or amended.

- J. If ENGINEER encounters, or reasonably suspects that it has encountered, asbestos, or pollution, including soil contamination in the project area, ENGINEER shall cease activity in said area and promptly notify the OWNER who shall proceed as set forth above. The services to be provided by ENGINEER do not include identification of asbestos or pollution, including soil contamination and ENGINEER has no duty to identify or attempt to identify the same in the project area.
- K. Provide such accounting, independent cost estimating and insurance counseling services as may be required for the Project, such legal services as OWNER may require or ENGINEER may reasonably request with regard to legal issues pertaining to the Project and such auditing service as OWNER may require to ascertain how or for what purpose any Contractor has used the monies paid under the construction contract.
- L. Provide such observation services as OWNER may require to ascertain that Contractor(s) are complying with any law, rule, regulation, ordinance, code or order applicable to their furnishing and performing the work.
- M. Provide "record" drawings and specifications for all Existing physical plants or facilities which are pertinent to the Project.
- N. Provide written notice to ENGINEER when the project has been financially closed out by FAA.
- O. Provide other services, materials, or data as may be set forth in ATTACHMENT A.
- P. The OWNER shall agree to renegotiate the compensation should the project change appreciably from the original scope of work, a change in conditions, or additional work required by the ENGINEER. The renegotiated compensation will be based on the new project scope of work.
- Q. Provide all necessary information regarding its requirements as necessary for orderly progress of the work.

VI. COMPLETION TIME.

The ENGINEER shall complete the task item assigned as per the schedule defined in the Detailed Scope of Services for that individual task.

VII. TERMS AND CONDITIONS.

A. Ownership of Drawings and Contract Documents.

1. Original documents, such as tracings, plans, specifications, maps, basic survey notes and sketches, charts, computations, and other data prepared or obtained under the terms of the contract, are instruments of service and shall remain the property of the ENGINEER unless otherwise agreed to by both parties. Reproducible copies of drawings and copies of other pertinent data shall be made available to the OWNER upon request.
2. When a contract is for preliminary plans only, no commitment is implied that would constitute a limitation on the subsequent use of preliminary plans or ideas incorporated therein.

3. The ENGINEER shall provide the OWNER and the FAA each one (1) set of final approved plans and specifications. The ENGINEER shall provide sets of plans and specifications to bidders for a nominal cost during the bidding process. The Contractor awarded the contract shall be provided additional sets of plans and specifications as per the FAA General Provision Item 50-04. The ENGINEER shall provide reproducible copies of plans (including electronic files) to the OWNER upon request.

B. Standard of Care.

The standard of care for all professional engineering and related services performed or furnished by ENGINEER under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. ENGINEER makes no warranties, express or implied, under this Agreement or otherwise, in connection with ENGINEER's services.

C. Limitations of Responsibility.

In the event the OWNER requests ENGINEER to execute any certificates or other documents, the proposed language of such certificates or documents shall be submitted to ENGINEER for review at least 15 days prior to the requested date of execution. ENGINEER shall not be required to execute any certificates or documents that in any way would, in ENGINEER's sole judgment, (a) increase ENGINEER's legal or contractual obligations or risks; (b) require knowledge, services or responsibilities beyond the scope of this Agreement; or (c) result in ENGINEER having to certify, guarantee or warrant the existence of conditions whose existence ENGINEER cannot ascertain.

D. Opinions of Probable Construction Costs.

Since the ENGINEER has no control over the cost of labor, materials or equipment, or over the contractor's methods of determining prices, or over competitive bidding or market conditions, opinions of probable construction costs for the project(s) provided for herein are to be made on the basis of experience and qualifications and represent a best judgment as a design professional familiar with the construction industry, but the ENGINEER cannot and does not guarantee that proposals, bids, change orders or the project construction cost will not vary from the prepared opinion of probable construction costs.

E. Termination.

This Agreement may be terminated by either party, by a seven days' written notice in the event of substantial failure to perform in accordance with the terms hereof by the other party through no fault of the terminating party. If this Agreement is so terminated, the ENGINEER shall be paid as provided under compensation for work completed to date of termination.

F. Dispute Resolution.

In the event of a dispute arising out of or relating to the agreement or the services to be rendered hereunder, both parties hereby agree to (1) attempt to resolve such disputes through direct negotiations between the appropriate representatives of each party, (2) if such negotiations are not fully successful, the parties agree to attempt to resolve any remaining dispute by formal nonbinding mediation conducted in accordance with rules and procedures to be agreed upon by both parties, and (3) if the dispute or any issues remain unresolved after the first two steps, either party may seek to have the dispute resolved by a court of competent jurisdiction.

G. Successors and Assigns.

The OWNER and ENGINEER each binds itself and its partners, successors, executors, administrators and assigns to the other party of this Agreement and to the partners, successors, executors, administrators and assigns of such other party, in respect to all covenants of this Agreement. Except as above, neither the OWNER nor the ENGINEER will assign, sublet or transfer its interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of any public body, which may be a party hereto, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the OWNER and the ENGINEER.

H. Indemnification.

The ENGINEER agrees, to the fullest extent permitted by law, to indemnify and hold harmless the OWNER, its officers, directors and employees (collectively, OWNER) against all damages, liabilities or costs, including reasonable attorneys' fees and defense costs, to the extent caused by the ENGINEER's negligent performance of professional services under this Agreement and that of its sub-engineers or anyone for whom the ENGINEER is legally liable. The OWNER agrees, to the fullest extent permitted by law, to indemnify and hold harmless the ENGINEER, its officers, directors, employees and sub-consultants (collectively, ENGINEER) against all damages, liabilities or costs, including reasonable attorneys' fees and defense costs, to the extent caused by the OWNER'S negligent acts in connection with the Project and the acts of its contractors, subcontractors or engineers or anyone for whom the OWNER is legally liable. Neither the OWNER nor the ENGINEER shall be obligated to indemnify the other party in any manner whatsoever for the other party's own negligence.

I. Hazardous Materials.

The parties acknowledge that ENGINEER'S scope of services does not include any services related to a Hazardous Environmental Condition (the presence of asbestos, PCBs, petroleum, hazardous substances or waste, and radioactive materials). If ENGINEER or any other party encounters a Hazardous Environmental Condition, ENGINEER may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until OWNER: (i) retains appropriate specialist engineers or contractors to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition; and (ii) warrants that the Site is in full compliance with applicable Laws and Regulations.

J. Controlling Law.

This Agreement is to be governed by the law of the state in which the Project is located.

K. Construction Phase Services.

OWNER acknowledges that it is customary for the ENGINEER who is responsible for the preparation and furnishing of Drawings and Specifications and other construction related documents to be employed to provide professional services during the Bidding and Construction Phases of the Project, (1) to interpret and clarify the documentation so furnished and to modify the same as circumstances revealed during bidding and construction may dictate, (2) in connection with acceptance of substitute or equal items of materials and equipment proposed by bidders and contractor(s), (3) in connection with approval of shop drawings and same submittals, and (4) as a result of and in response to ENGINEER'S detecting in advance of

performance of affected work inconsistencies or irregularities in such documentation. OWNER agrees that if ENGINEER is not employed to provide such professional services during the Bidding (if the work is put out for bids) and the Construction Phases of the Project, ENGINEER will not be responsible for, and OWNER shall indemnify and hold ENGINEER (and ENGINEER'S professional associates and consultants) harmless from, all claims, damages, losses and expenses including attorneys' fees arising out of, or resulting from, any interpretation, clarification, substitution acceptance, shop drawing or sample approval or modification of such documentation issued or carried out by OWNER or others. Nothing contained in this paragraph shall be construed to release ENGINEER (or ENGINEER'S professional associates or consultants) from liability for failure to perform in accordance with professional standards any duty or responsibility which ENGINEER has undertaken or assumed under this Agreement.

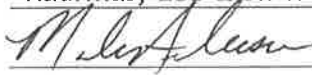
VIII. FEDERAL CONTRACT PROVISIONS


If this Agreement is to be financed in part by Federal funds, certain federally-required, contract provisions must be incorporated. These federally-required, contract provisions, included as ATTACHMENT C, are hereby incorporated herein and made a part of this Agreement. The ATTACHMENT C incorporated is for a Non-Construction Contract.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in duplicate on the respective dates indicated below.

Owner City of Miles City
 Signed _____
 Name John Hollowell
 Title Mayor
 Date _____

Attest _____
 Name _____
 Title _____

Engineer Kadmas, Lee & Jackson, Inc.
 Signed 
 Name Mark Anderson, PE
 Title VP, Environment and Public Works
 Date 3/9/2018

Attest 
 Name Erika Lorenz
 Title Division Coordinator

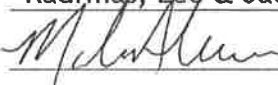
CERTIFICATION OF ENGINEER


I hereby certify that I am the VP, Environment and Public Works and duly authorized representative of Kadrmass, Lee & Jackson, Inc., whose address is 4585 Coleman Street, Bismarck, ND 58503, and that neither I nor the firm I here represent has:

- (a) Employed or retained for a commission, percentage, brokerage, contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for me or the above ENGINEER) to solicit or secure this contract, or
- (b) Agreed, as an express or implied condition for obtaining this contract, to employ or retain the services of any firm or person in connection with carrying out the contract, or
- (c) Paid or agreed to pay to any firm, organization, or person (other than a bona fide employee working solely for me or the above ENGINEER) any fee, contribution, donation, or consideration of any kind for, or in connection with, procuring or carrying out the contract; except as here expressly stated (if any):

The undersigned firm certifies that it has not been convicted of bribery or attempting to bribe an officer or employee of the State of Montana, nor has the firm made an admission of guilt of such conduct which is a matter of record, nor has an official, agent, or employee of the firm committed bribery or attempted bribery on behalf of the firm and pursuant to the direction or authorization of a responsible official of the firm.

I acknowledge that this certificate is to be furnished to the Federal Aviation Administration of the United States Department of Transportation in connection with this contract involving participation of Airport Improvement Program (AIP) funds and is subject to applicable state and federal laws, both criminal and civil.

Engineer Kadrmass, Lee & Jackson, Inc.
Signed 
Name Mark Anderson, PE
Title VP, Environment and Public Works
Date 3/9/2018

Attest 
Name Erika Lorenz
Title Division Coordinator



- PROJECT WORK DESCRIPTION**
- 1 ACIS SURVEY FOR RW 4-22 THRESHOLD RELOCATION
 - 2 DESIGN FOR RUNWAY 4-22 THRESHOLD RELOCATION
 - 3 DESIGN FOR RUNWAY INTERSECTION RECONFIGURATION
 - 4 DESIGN FOR WILDLIFE FENCE RELOCATION
 - 5 DESIGN FOR HELIPAD RELOCATION
 - 6 REPLACE AIRPORT BEACON
 - 7 TAILLANE AND COUNTY 1--HANGAR APRON RECONSTRUCTION
 - 8 PAVEMENT MAINTENANCE (TAXIWAYS A, B, AND C AND APRON)
 - 9 ACQUIRE SRE (TOOL CAT BLADE, BROOM, AND BLOWER)

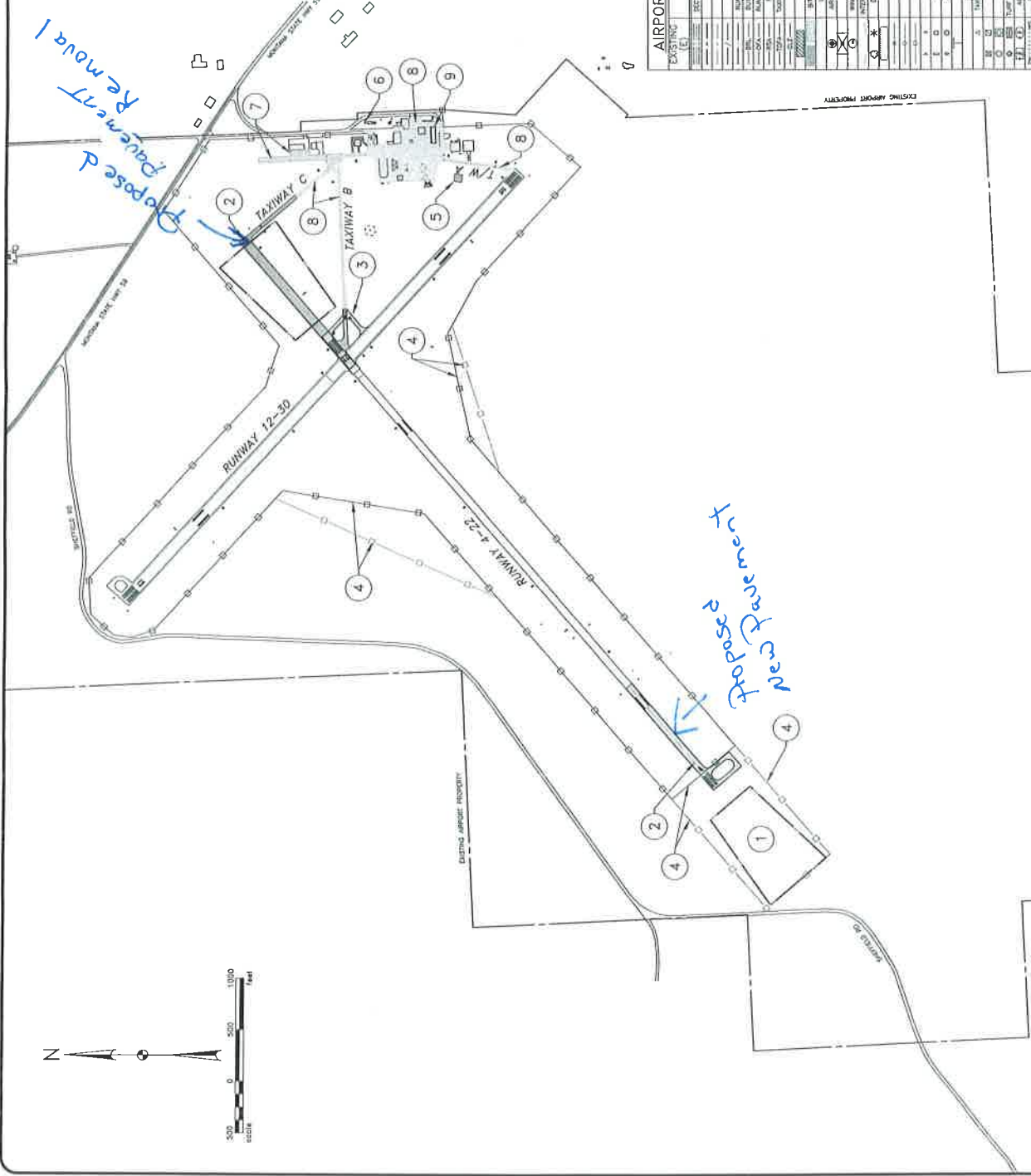
LEGEND

- PROPOSED NEW PAVEMENT
- PROPOSED PAVEMENT REMOVAL

AIRPORT TOPOG LEGEND

EXISTING	ITEM	STATUS
(1)	SECTION LINE WITH MATCH-TO-MATCH	(E)
(2)	AIRPORT PROPOSED LINE	(E)
(3)	AIRPORT EXISTENCE	(E)
(4)	B.P. 2. EASEMENT	(E)
(5)	EXISTING TAXIWAY	(E)
(6)	EXISTING RUNWAY	(E)
(7)	EXISTING TAXIWAY	(E)
(8)	EXISTING HELIPAD	(E)
(9)	EXISTING WIND CONE & REMOVED SCALE	(E)
(10)	EXISTING INTERMEDIATE/PAVEMENT CONTROL LINE	(E)
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(100)	EXISTING INTERMEDIATE/PAVEMENT CONTROL LINE	(E)

PRELIMINARY
NOT FOR
CONSTRUCTION



RESOLUTION NO. 4155

A RESOLUTION APPROVING TERMS FOR A BRIDGE LOAN AND PERMANENT REPAYMENT LOAN WITH THE MONTANA COMMUNITY DEVELOPMENT CORPORATION, FOR CONSTRUCTION OF FIRE TRAINING BUILDING.

WHEREAS, the City of Miles City is prepared to construct a fire training building behind the City Fire Department;

AND WHEREAS, the City desires to obtain a short term loan for the construction of said fire training building, and a permanent loan for the repayment of said short term loan, and has received terms sheets from the Montana Community Development Corporation for said loans;

NOW THEREFORE, IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA AS FOLLOWS:

1. The Term Sheets and contents thereof between the City and the Montana Community Development Corporation for a short term bridge loan in the amount of up to \$249,600, as set forth in Exhibit "A", and for a permanent loan to repay the final balance of said bridge loan, as set forth in Exhibit "B," both attached hereto and made a part hereof, are hereby approved and adopted by this Council.

2. The Mayor of the City of Miles City is hereby empowered and authorized to execute said documents on behalf of the City of Miles City, and bind the City of Miles City thereto.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A REGULAR MEETING THIS 24th DAY OF APRIL, 2018.

ATTEST:

Lorrie Pearce, City Clerk

John Hollowell, Mayor

EXHIBIT A
Principal Terms and Conditions

Borrower:	City of Miles City
Loan Type:	Community Facilities Bridge Financing
Loan Amount:	\$249,600
Loan Term:	1 year
Payment Terms:	Interest only
Interest Rate:	3.00%
Estimated closing costs:	\$131
Packaging Fee:	\$2,496
Prepayment Penalty:	None
Collateral:	1st lien position on fire training facility building
Warranties and Covenants:	Loan documentation will include, without limitation, standard Montana CDC warranties and covenants pertaining to accuracy of information; organization; capital adequacy; change in control; material litigation; business activities & use of proceeds; compliance with laws; restrictions on indebtedness, liens and contingent liabilities; payment of taxes; environmental matters; maintenance of insurance; lender's loss payee; financial reporting; inspection of properties and records
Additional warranties, representations, and covenants:	The borrower and any guarantors represent that they are not in violation or breach of any current agreement with a third party and are not currently involved in litigation.
	The Borrower represents that it is a legal entity in good standing and does not have prior liens, judgments, or bankruptcies that it has not disclosed.
Conditions Precendent to Closing:	Approval by USDA Community Facilities staff
	Business asset insurance on the fire training facility building with MCDC listed as Lender's Loss Payee
	Liability insurance from Miles City Fire Department with MCDC listed as additional insured
	Legal description of the land where the training facility will be located
	EIN for City of Miles City
	Copy of driver's license for all signers
	Resolution from City Council documenting acceptance of bridge loan and community facilities term loan after construction. Resolution should identify individuals who are authorized to sign loan documents.
	Confirmation that the borrower, co-borrower, and guarantors have had no material adverse changes to financial condition, collateral, property, or in any other matters which MCDC analyzed in conjunction with this credit request, including, without limitation, no change in the structure of the transaction initially presented and agreed upon by MCDC.
	<p>City of Miles City</p> <p>_____</p> <p>Mayor</p> <p>Montana Community Development Corporation</p> <p>_____</p> <p>Anna Reid Loan Closing Manager</p>

EXHIBIT B
Principal Terms and Conditions

Borrower:	City of Miles City
Loan Type:	Community Facilities Bridge Financing
Loan Amount:	Payoff of bridge loan
Loan Term:	25 years
Payment Terms:	Fully amortized
Interest Rate:	3.00%
Estimated closing costs:	\$14
Packaging Fee:	None
Prepayment Penalty:	None
Collateral:	1st lien position on fire training facility building
Warranties and Covenants:	Loan documentation will include, without limitation, standard Montana CDC warranties and covenants pertaining to accuracy of information; organization; capital adequacy; change in control; material litigation; business activities & use of proceeds; compliance with laws; restrictions on indebtedness, liens and contingent liabilities; payment of taxes; environmental matters; maintenance of insurance; lender's loss payee; financial reporting; inspection of properties and records
Additional warranties, representations, and covenants:	The borrower and any guarantors represent that they are not in violation or breach of any current agreement with a third party and are not currently involved in litigation.
	The Borrower represents that it is a legal entity in good standing and does not have prior liens, judgments, or bankruptcies that it has not disclosed.
Conditions Precendent to Closing:	Approval by USDA Community Facilities staff
	Business asset insurance on the fire training facility building with MCDC listed as Lender's Loss Payee
	Liability insurance from Miles City Fire Department with MCDC listed as additional insured
	Legal description of the land where the training facility will be located
	EIN for City of Miles City
	Copy of driver's license for all signers
	Voided check for ACH loan payment set up
	Resolution from City Council documenting acceptance of bridge loan and community facilities term loan after construction. Resolution should identify individuals who are authorized to sign loan documents.
	Confirmation that the borrower, co-borrower, and guarantors have had no material adverse changes to financial condition, collateral, property, or in any other matters which MCDC analyzed in conjunction with this credit request, including, without limitation, no change in the structure of the transaction initially presented and agreed upon by MCDC.
	<p>City of Miles City</p> <p>_____</p> <p>Mayor</p> <p>Montana Community Development Corporation</p> <p>_____</p> <p>Anna Reid Loan Closing Manager</p>