

**A COMMITTEE OF THE WHOLE MEETING OF THE LEWISTOWN CITY COMMISSION ON SEPTEMBER 2, 2025 WHICH WAS HELD AT THE CENTRAL MONTANA COMMUNITY CENTER AND STARTED AT 6:00 P.M.**

**2026 budget discussions**

The Commission focused on addressing financial compliance issues and the audit findings from the fiscal year 2024 audit. The letter received from the Department of Administration outlining their decision to withhold funding and what was required to get back in compliance. Commissioner Terry reported to the Commission that she contacted the Montana League of Cities and Towns (MLCT) earlier that day and had a contract. Commissioner Terry explained the contract is between the City Commission and the MLCT for them to provide financial assistance. Commissioner Terry reported that one of their staff will be here right away Monday, September 8<sup>th</sup> at 8 am. Commissioner Terry explained that Commissioner Day will be the signer and contact with the MLCT. The City will be billed on a monthly basis. Commissioner Robetson made the motion to approve the City Commission entering into a financial services contract with MLCT and authorizing Commissioner Day, Chairman to sign and Commissioner Hrubes seconded the motion. City Clerk Nikki Brummond took a roll call vote with all being favor of the motion. Commissioner Terry stated that she will forward the contract on to MLCT and then will notify the Department of Administration. The Committee of the Whole adjourned at 6:55 pm.

**A REGULAR COMMISSION MEETING OF THE LEWISTOWN CITY COMMISSION ON SEPTEMBER 2, 2025 WHICH WAS HELD AT THE CENTRAL MONTANA COMMUNITY CENTER AND STARTED AT 7:00 P.M.**

**CALL TO ORDER**

Chairman Day called the meeting to order.

**PLEDGE OF ALLEGIANCE**

Chairman Day asked everyone to stand and say the Pledge to the Flag.

**ROLL CALL**

Present were Commissioners: Buehler, Day, Hrubes, Spika and Terry. Commissioner Hewitt was absent. Commissioner Robertson participated virtually.

**APPROVAL OF MINUTES**

Commissioner Day stated that without objection and based on the corrections the minutes for August 4, 2025 and August 18, 2025 are approved.

**COURTESIES**

There were none.

**PROCLAMATIONS**

There were none.

## **BOARD AND COMMISSION REPORTS**

Commissioner Terry reported the Central Montana Foundation met on August 26, 2025. The following grants were given: \$4,000 to the Central Montana Youth Mentoring Program, \$4,999 to Heart of Montana Farm in the Dell to help pay for the preliminary architectural report in preparation for construction of the group home, \$4,499 to the Lewistown Soccer Club for the purchase of small sided goals, and \$3,000 to District 6 HRDC Clearing House Connections to assist local residents with unforeseen emergencies. Commissioner Terry commented there are now 150 kids that participate in the Central Montana Youth Mentoring Program.

Commissioner Day reported the Park and Recreation Board will meet on Wednesday, September 3<sup>rd</sup>.

## **CITY MANAGER REPORT**

City Manager Holly Phelps reported on the following issues:

This year's Chokecherry festival activities starts Friday night with live music downtown. Saturday activities include the Kiwanis pancake breakfast, festival and Chokecherry run. The day's events conclude with Trails and Ales which will be held at Creekside from 4 to 7 pm and will include music from Kyle Shobe and the Walk Em Boys.

Recently the City County Planning Board had a conditional use application for a 40-child daycare facility to be located at 510 Janeaux. The public hearing was concluded. The item was tabled until additional information could be provided. The requested information was a site plan and off-street parking plan for staff. Once the City County Planning Board get this information, they will schedule a meeting and make a recommendation to the City Commission.

At the second meeting in September, the City Manager would like the City Commission to finalize the plan for Biosolids in the future. Please refer to the report prepared by Robert Peccia and Associates for the options being looked at. Please let me know if you have any specific questions regarding the biosolid options.

The Montana League of Cities and Towns annual conference will be held in Billings, this year from October 15-17. Once the agenda is released, we will share it with the Commission. If any Commissioners see any session that interest them, please let the City Manager or City Clerk know.

Each fall the Public Works department conducts the annual dam inspections for the four dams the city operates. As part of the inspections the water department goes and operates the gate structures, measures piezometers and walks the entire dam. This year they will also camera the outlet structures. The reports will be shared with the Commission once they are finalized.

The Park and Recreation Department will be working on the construction of the new year-round facility at the pool. This building will be home to concessions, locker rooms and new restrooms at Frank Day Park. This project has been in the works for several years and is a partnership with the City of Lewistown, Fergus County Recreation District, Friends of the Pool, Lewistown Ice Skating Association and the Sea Lions swim team. The Lewistown Ice Skating Association has submitted a preapplication for the cover over the ice rink. It is hoped the preapplication will make it through the first round and then we will be able to submit an application for funding.

The Parks and Recreation Department is also evaluating the memorandum of understanding (MOU) they have in place for the various activities. They will be working with the various groups to update existing

MOUs and make sure that what is included in the agreement is being done and all parties understand what is being expected. The plan is to have these ready for review by the first of the year.

**PUBLIC COMMENT** – non agenda items:

Mr. Charlie Pfau, 715 5<sup>th</sup> Ave N, expressed his concern with a claim he has with the City of Lewistown since April. Mr. Charlie Pfau explained at the end of April the water department was doing some water line work in the alley next to his house. Unfortunately, two city workers backed a backhoe into his shed and he was not notified of this incident. Mr. Charlie Pfau reported the incident to the City and it was then submitted onto MMIA. Mr. Charlie Pfau expressed his frustration that he had to fight with the City's insurance company to get 75% value for his shed. Mr. Charlie Pfau commented he finds it really disturbing that the City only insures at replacement costs instead of actual cash value of damages caused by the City. Mr. Charlie Pfau stated he is out \$1,000 on a shed that was perfectly fine until the City workers wrecked it. Mr. Charlie Pfau further stated he realizes he didn't read the fine print, and released the City of all responsibility when he took the settlement, but it was between taking that settlement or filing a claim with his insurance company. Mr. Charlie Pfau didn't want to see his insurance rates increase because of something that was completely not his fault. Mr. Charlie Pfau explained the thing most concerning to him was that he was not notified and frustrated it went on so long. Mr. Charlie Pfau stated it is not fair to treat citizens in a manner in which it's not our fault but we're saddled with the financial burden. Mr. Charlie Pfau stated that he would like his \$1,000 from the City and doesn't think it's fair that he is being treated this way. Commissioner Buehler confirmed that amount is \$1,000 and Mr. Charlie Pfau answered yes. Commissioner Terry asked if the insurance provider was Montana Municipal Interlocal Authority (MMIA). City Manager Phelps answered yes, outlined in the City's memorandum of coverage, we give MMIA full settlement authority. City Manager Phelps explained that as Mr. Charlie Pfau stated he did sign a binding release with MMIA saying the claim is resolved. However, the City Commission can negotiate a goodwill offering outside of that release, but that is not defensible. City Manager Phelps explained not defensible means MMIA can't defend that action because the release has been signed. MMIA is willing to provide the Commission with some education to better understand the coverage. Commissioner Terry asked what is the City's policy or procedure is when this type of situation happens. City Manager Phelps answered anytime there's damage we recommend insurance paperwork be filed. Commissioner Buehler stated she understands that there may be a precedence and the City may be indefensible if we do decide to pay. Commissioner Buehler further stated that there is a precedence if we don't and that is how we interact with our public. Commissioner Buehler commented that if the City does destroy property it is the City's job to fix it. Commissioner Spika commented that she agrees if the City screws up nobody should have to pay for that cost and would like to see the insurance options. Commissioner Spika made the motion to compensate Mr. Charlie Pfau for the cost of the shed in the amount of \$1,000 and Commissioner Terry seconded the motion. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

**CONSENT AGENDA**

Commissioner Buehler made the motion to approve the consent agenda and Commissioner Spika seconded the motion. The motion passed unanimously. The consent agenda was the acknowledgement of the claims that have been paid from August 16, 2025 to August 31, 2025 in the amount of \$129,335.17.

**\*REGULAR AGENDA – Resolutions, Ordinances & Other Action Items:**

1. Discussion and action on approving Resolution No. 4208, a resolution approving an application from Rayce Townsend for additional TIF Funds made to the Lewistown Tax Increment Financing District Board

City Manager Phelps explained that Mr. Rayce Townsend is familiar with the tax increment finance program and has already utilized TIF funding to do improvements to his adjacent property. This request is for his residence at 420 1<sup>st</sup> Ave S. City Manager Phelps stated Mr. Townsend has gone through the process of demolishing the old structure and is working to replace that structure. This funding is for the demolition, utility upgrades and landscaping at the property. The TIF board met and approved this application. Commissioner Robertson commented this is a significant improvement for the taxable value in the district. Commissioner Terry made the motion to approve Resolution No. 4208, a resolution approving an application from Rayce Townsend for additional TIF Funds made to the Lewistown Tax Increment Financing District Board and Commissioner Buehler seconded the motion. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion. Commissioner Day commented that included in the packet was a list of all the TIF projects.

2. Discussion and action on approving a business license for 7 C Electric – Kirby Dengel

City Manager Phelps reported this is a business application from Mr. Kirby Dengel for 7 C Electric. Mr. Dengel is a contractor that has done a lot of work in the area and is now on his own. Commissioner Buehler asked if all appropriate paperwork has been received. City Manager Phelps answered yes. Commissioner Spika made the motion to approve a business license for 7 C Electric – Kirby Dengel and Commissioner Buehler seconded the motion. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

3. Discussion and action on approving Resolution No. 4201, a resolution redefining the boundaries of Street Maintenance District No. 1 in the City of Lewistown

City Manager Phelps explained that Street Maintenance District No 1 is the city limits of Lewistown and there is only one street maintenance district. The three annexations are included in the boundary lines. Commissioner Spika made the motion to approve Resolution No. 4201, a resolution redefining the boundaries of Street Maintenance District No. 1 in the City of Lewistown and Commissioner Buehler seconded the motion. Commissioner Hrubes asked if the zoning process has been completed on the annexations. City Manager Phelps answered yes, those properties are zoned. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

4. Public hearing on the cost of maintenance of Boulevard District No. 12, cost of maintenance reserve and administration for Lighting Districts and cost of maintenance in Street Maintenance District No. 1.

Chairman Day opened the public hearing to hear comments on the cost of maintenance of Boulevard District No. 12, cost of maintenance reserve and administration for Lighting Districts and cost of maintenance in Street Maintenance District No. 1. City Manager Phelps stated that at previous meetings the Commission has discussed the rates for all of the assessments. It was decided not to make any change to the assessment rate for the Boulevard District. The rates for the lighting districts will remain the same as last budget year. At this time, we feel there is adequate reserves within the districts. The Commission did increase the street maintenance assessment rate to 4 cents per square foot. Commissioner Hrubes expressed his concern with making sure there is adequate funding so that a large increase is not needed in the future. City Manager Phelps explained the lights in the different lighting district have been changed to more cost-efficient lights so it is hoped the expenses will continue to remain low. Commissioner Day asked for comments from the audience and Commission. There being none, the public hearing was closed.

5. Discussion and action on approving Resolution No. 4202, a resolution of the City Commission of the City of Lewistown levying and assessing a special tax to cover the cost of maintenance of Boulevard District No. 12, in the City of Lewistown, Montana for the fiscal year beginning July 1, 2025 and ending June 30, 2026

City Manager Phelps stated the boulevard assessments rates are proposed to remain the same. The entire assessment amount is \$3,759.29. There has been lengthy discussion over the years that the boulevards are a benefit to the entire community and will continue to look at making improvements to the boulevards in the future. Commissioner Terry made the motion to approve Resolution No. 4202, a resolution of the City Commission of the City of Lewistown levying and assessing a special tax to cover the cost of maintenance of Boulevard District No. 12, in the City of Lewistown, Montana for the fiscal year beginning July 1, 2025 and ending June 30, 2026 and Commissioner Buehler seconded the motion. Commissioner Hrubes confirmed there is no increase in the boulevard maintenance rate this year. City Manager Phelps answered yes, the assessments are only on the properties adjacent to boulevards. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

6. Discussion and action on approving Resolution No. 4203, a resolution levying and assessing the cost of maintenance reserve and administration, and supplying of electrical current for the street lights within the City of Lewistown, to properties within particular lighting districts

City Manager Phelps explained that most properties in town are located in a lighting district and some properties are located in more than one lighting district. There are fifteen lighting districts located in various areas throughout the City. City Manager Phelps commented that depending on the geographic location of your neighborhood and the desired lighting determines the cost. The City is billed directly from Northwestern Energy for both maintenance and electricity. The cost of each district is levied proportionately to those properties located in the districts. City Manager Phelps again commented there have not been any changes and with the projected expenses there is adequate funding to continue with the current assessment rates. Commissioner Terry made the motion to approve Resolution No. 4203, a resolution levying and assessing the cost of maintenance reserve and administration, and supplying of electrical current for the street lights within the City of Lewistown, to properties within particular lighting districts and Commissioner Spika seconded the motion. Commissioner Hrubes asked if there was a reserve within the lighting district fund. City Manager Phelps answered yes, it is shown on the one sheet report as fund 2400. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

7. Discussion and action on approving Resolution No. 4204, a resolution estimating the cost of maintenance in Street Maintenance District No. 1, specifying the assessment option and levying an assessment on properties for Street Maintenance

City Manager Phelps explained that included in the resolution is the assessment rate of 4 cents which is an increase from 3.5 cents last fiscal year. The resolution outlines the method of assessment and states that residential lots are capped at 15,000 square feet. Commercial lots are charged based on square footage with no cap and there are some provisions for larger lots that don't have public right away. Commissioner Buehler made the motion to approve Resolution No. 4204, a resolution estimating the cost of maintenance in Street Maintenance District No. 1, specifying the assessment option and levying an assessment on properties for Street Maintenance and Commissioner Terry seconded the motion. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

8. Public hearing on the 2025-2026 budget for the City of Lewistown

Commissioner Day opened the public hearing to hear comments on the 2025-2026 budget for the City of Lewistown. City Manager Phelps explained the Commission has been going over the budget and various funds for the last 6 weeks. Tonight, the Commission was presented with a one sheet report showing the cash available, the proposed revenues, proposed expenditures and cash remaining for fiscal year 2025-2026. There have been no significant changes from the preliminary budget all calculations and numbers have been reviewed. Commissioner Terry asked if the cash remaining are the reserves. City Manager Phelps answered yes, and would be the result if 100% of the revenues came in and 100% of expenses are expended that is what is projected to be the cash going forward for the next fiscal year. City Manager Phelps stated that a large street improvement project is planed for this upcoming year. There was a brief discussion on the construction projects in both water and sewer funds. There was discussion on the trails grant and central post clean up grant. Commissioner Spika asked if the City is on a cash or accrual basis. City Clerk Brummond answered both, because the water and sewer funds are on accrual. There were questions regarding the few funds that are negative cash available, it was explained the auditors will be here later this month to close out fiscal year 2025. This will address all the negative balances. The department heads in attendance talked briefly about the major changes to their budgets. Commissioner Day asked for comments from the audience and Commission. There being none, the public hearing was closed.

9. Discussion and action on approving Resolution No. 4205, a resolution relating to final budgets, budget authorities and annual appropriations for the fiscal year beginning July 1, 2025 and ending June 30, 2026

City Manager Phelps stated the revenues and expenditures have been reviewed over the past several weeks. A preliminary budget was approved on August 18<sup>th</sup>. There are purchasing policies and procedures the departments must follow. The Commission is approving the maximum appropriation for expenditures. Commissioner Spika made the motion to approve Resolution No. 4205, a resolution relating to final budgets, budget authorities and annual appropriations for the fiscal year beginning July 1, 2025 and ending June 30, 2026. Commissioner Buehler stated that before the motion can be approved it needs to be amended or modified with the caveat that the Commission will be reviewing this in the next month due to outstanding state negotiations and make sure we are within compliance so that we do not have funds withheld for much longer. Commissioner Buehler further stated there needs to be a statement showing the commission is aware of the review and to make sure the revenues are actually accurate to what we'll be receiving. Commissioner Spika stated she will let her motion die because she is okay with approving the budget because even if the City lost \$2 million theoretically there would still be enough cash and the City would not be at risk of default. Commissioner Spika agrees the budget needs to be reviewed on a regular basis. Commissioner Buehler stated the City is presently not at risk of default, but are beholden to the public to be good stewards of the money, so that is something that we need to make sure is very clear and open at this point. Commissioner Buehler made the motion to approve Resolution No. 4205, a resolution relating to final budgets, budget authorities and annual appropriations for the fiscal year beginning July 1, 2025 and ending June 30, 2026 with the caveat that we see monthly reconciliation of cash, tax and assessments, as well as the payroll clearing fund that will be sent to the state for the next four months. The Commission will need to see those and see the revenue and expenditures each month for budget versus actual and Commissioner Robertson seconded the motion. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

10. Public hearing on Resolution No. 4206, a resolution authorizing an increase in the City of Lewistown's mill levy in order to fund increases in premium contributions for medical group benefits for City employees and exempting the same from the mill levy calculation limitation provided for by law

Chairman Day opened the public hearing to hear comments on Resolution No. 4206, a resolution authorizing an increase in the City of Lewistown's mill levy in order to fund increases in premium contributions for medical group benefits for City employees and exempting the same from the mill levy calculation limitation provided for by law. City Manager Phelps explained the permissive mill calculation is based on the health insurance premium and a set number of employees covered in 2000. It is proposed to fund the increase in premium and employees in the amount of \$214,573. This translates to 27.76 mills. This means that a house valued at \$100,000 would be an increase of \$9.17, a house valued at \$300,00 would be an increase of \$27.50 and a house valued at \$600,00 its \$55. Commissioner Day asked if this is an annual assessment. City Manager Phelps answered this is an annual tax and appropriated every year. Commissioner Hrubes stated the health insurance is important to keep good employees and make sure they feel appreciated, needed and wanted. Commissioner Day asked for comments from the audience and Commission. There being none, the public hearing was closed.

11. Discussion and action on approving Resolution No. 4206, a resolution authorizing an increase in the City of Lewistown's mill levy in order to fund increases in premium contributions for medical group benefits for City employees and exempting the same from the mill levy calculation limitation provided for by law

City Manager Phelps explained this is a state law that allows municipalities an increase in mill levy to help fund the increase in health insurance premiums. Commissioner Terry made the motion to approve Resolution No. 4206, a resolution authorizing an increase in the City of Lewistown's mill levy in order to fund increases in premium contributions for medical group benefits for City employees and exempting the same from the mill levy calculation limitation provided for by law and Commissioner Hrubes seconded the motion. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

12. Discussion and action on approving Resolution No. 4207, a resolution providing for the annual tax levy mills for fiscal year beginning July 1, 2025 and ending June 30, 2026

City Manager Phelps explained the maximum number of mills the City can mill in the general fund is 220.44 and 27.76 mills for the permissive mill levy. The total proposed mills to be levied is 248.20. City Manager Phelps stated general fund mill means that a house valued at \$100,000 would be an increase of \$50.34, a house valued at \$300,00 would be an increase of \$151.20 and a house valued at \$600,00 its \$302.05. Commissioner Terry made the motion to approve Resolution No. 4207, a resolution providing for the annual tax levy mills for fiscal year beginning July 1, 2025 and ending June 30, 2026 and Commissioner Buehler seconded the motion. Commissioner Day asked for comments from the audience and Commission. There being none, the question was called for and the clerk took a roll call vote with all being in favor of the motion.

### **CITIZENS' REQUESTS**

There were none.

### **COMMISSIONER'S MINUTE**

Commissioner Robertson commented that he appreciates the attitude of everybody involved in the response to the State concerns about the audit process. Commissioner Robertson feels everyone is doing the right thing and trying to get the best information out there and fill any holes the City may have if we do have any.

Commissioner Buehler thanked the Commission for their forward thinking about having a third-party review of the financial documentation so that we have clear instruction for how to mitigate or resolve the issue.

Commissioner Buehler reported the dam inspections were done last Monday and it caused Spring Creek to increase significantly. It rose from 160 CFS to 400 CFS in a matter of hours, which means Spring Creek was at flood stage. Unfortunately, there was very little if any communication from the City to residents and other departments in the community. Commissioner Buehler stated she received a lot of calls and stated that she saw multiple fifth graders after football swim in the creek and cross-country team was also in the creek. Commissioner Buehler stated these things can be incredibly dangerous so make the phone call, notifying agencies as well as the public is incredibly important. Commissioner Buehler stated it was a great misstep on the City's part and would like to see things like that resolved and better communication to the public. Commissioner Buehler further stated this is unfortunately a tough thing but we need to do a better job and hold ourselves to a higher standard. City Manager Phelps answered she has already agreed to better communications with the agencies since some knew it was coming and some did not. Yes, we can do a better job.

Commissioner Terry stated she doesn't understand why the people who are running for City Commission are not attending the meetings. Commissioner Terry commented that the election is a few months away. There are a lot of big things and would encourage those who are running for City Commission to attend the meetings.

Commissioner Terry stated that in the future any *issues* to the City like the letter recently received from the State be relayed to the Commission immediately. City Manager Phelps agreed.

Commissioner Day asked the Commission to remember the biosolids discussion will be on the next Commission meeting for approval.

Commissioner Day commented that the Lewistown Downtown Association has been making a lot of effort to organize micro events in the community to help downtown businesses.

## **ADJOURNMENT**

Chairman Day adjourned the meeting.

Dated this 2<sup>nd</sup> day of September 2025.

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Loraine Day, Commission Chairman

ATTEST:

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Nikki Brummond, City Clerk