

**\*\* Page 1\*\* A SUMMARY OF PROCEEDINGS OF THE CITY COUNCIL MEETING  
CITY OF THREE FORKS, MONTANA, AUGUST 26<sup>TH</sup>, 2025**

**AUGUST 26<sup>TH</sup>, 2025,** The Three Forks City Council met at the Three Forks City Hall at 206 S. Main Street and via Zoom. (Zoom is a virtual meeting tool which the City began using due to COVID-19 and social distancing guidelines and continues to use to encourage participation from the safety of one's home.) The meeting was chaired by Mayor Randy Johnston, who called the meeting to order at 6:00 P.M.

**ROLL CALL:** City Council members Ed Tharp, Gene Townsend, George Chancellor, Roxi McDermott, and Reagan Hooton were present. City Treasurer Kelly Smith and City Clerk Crystal Turner were also present at City Hall. (Warren) Garret Buchanan arrived at 6:02PM.

The record reflected a quorum with the attendance of five (5) Council members and the meeting was held.

The **Pledge of Allegiance** to the American Flag was led by Mayor Johnston. Mayor Johnston reminded the audience that this meeting was audio and video recorded and may be streamed via Zoom and on our Facebook page.

**GUESTS:** Gloria Howland, Robert Buchholz

**PUBLIC COMMENTS/CONCERNS (For items not on the agenda)**

There were no public comments or concerns voiced.

**CONSENT AGENDA**

- a. Three Forks Rodeo Arena Board Claims to be Paid
- b. City Claims to be Paid
- c. Zoning & Planning Board Minutes of 6/18/2025
- d. Jefferson River Flood Mitigation Project FMA Draw #3 for \$48,898.65
- e. Water Project Draw Packet #33 for Local Fiscal Recovery Draw #27 in the Amount of \$6,967.61

Councilmember Chancellor moved to approve the Consent Agenda. Councilman Tharp seconded the motion. There was no public questions.

**Motion Passed Unanimously.**

**PUBLIC HEARINGS**

**Public Hearing and Decision on a Resolution to Adopt the Revised Capital Improvements Plan**

Mayor Johnston read the resolution into the record, noting it would be Resolution #452-2025 if adopted. The edits to this version of the Capital Improvements Plan are as follows:

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- Added a paragraph on page 14 to describe that cost estimates are based on the low buildout density;
- Updated the wastewater narrative section with new cost estimates based on low buildout. Wastewater was the only system that was affected by the low versus high buildout in terms of costs;
- Added a couple sentences on page 56 to reference that updates will be provided in Appendix F;
- Updated Table 15 with the new wastewater costs;
- Updated Appendix D with new cost estimates;
- Added Appendix F with July 2025 priorities and status table

Gene Townsend questioned if it would be appropriate to mention those two items about the city parks? Kelly Smith said it would probably be better for discussion in the budget hearing.

Councilwoman McDermott moved to approve Resolution #452-2025, a resolution adopting the amended Capital Improvements Plan. Councilman Tharp seconded the motion. There were no public comments.

**Motion Passed Unanimously.**

**Public Hearing and Decision on a Resolution Adopting and Establishing the Mills to be Levied, Designating the Percentage Breakdown for the State of Montana Entitlement Share, and Designating the Breakdown for the Local Option Tax for FY2025-2026**

Mayor Johnston read the resolution into the record, noting it would be Resolution #453-2025 if adopted when he was finished reading it.

Crystal Turner stated that #1 under the "Now Therefore be it Resolved" state "above" instead of "below".

Garret Buchanan asked the primary reason of the reduction in mill value or if it is due to a state law that changed? Kelly Smith replied, "Throughout the years, they go up and down. Like last year we only collected 79 mills and got about \$10,000 less than this year's 111 mills. Some it is also due to it is due to the Legislature changing taxing calculations for primary homes, long term rentals, vacation rentals, etc." Gene Townsend asked what will happen next year with the change for the rentals, vacation homes? George Chancellor said he was under the impression that it was fixed. Kelly asked if everyone understands SB542. Garret asked her to explain it. She said, "We have had some voter-approved fixed number of mills for a few things, as have other communities. The value has been going up considerably each year, but they decided [at the Legislature] that they didn't want to give a fixed number of mills and instead have those be able to be converted to a dollar amount. The law now says you have to pick mills or dollar values. The Legislature has said *No, you can't do that forever, you need to go back to*

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*the voters if you want/need more money - so pick one.* This may reduce what we have expected yearly, and only get the percentage of inflation." Gene asked why the value of the mill went down? Kelly said she thinks it is the way they are taxing. "If you have a primary residence, you get a break. If you have a short-term rental or a vacation property (not a primary residence), the value is taxed differently. No, the assessed value has not decreased, but DOR has changed how it gets calculated," she explained. Gene said he read an op-ed piece about this and said the rancher/farmer community were the only ones who did not get a break, and in the past, agricultural always got a [tax] break. There was discussion regarding the algorithm the Legislature picks for calculating how much a municipality can collect, and the inflationary rate and how it changes. Robert Buchholz said he thought they determined it based on sage and sweetgrass blowing, and the Council laughed.

Councilman Chancellor moved to approve #453-2025, a resolution adopting and establishing the mills to be levied, designating the percentage breakdown for the State of Montana Entitlement Share, and designating the breakdown for the Local Option Tax for the fiscal year beginning July 1, 2025 and ending June 30, 2026. Councilwoman Hooton seconded the motion.

**Motion Passed Unanimously.**

**Public Hearing and Decision on Adopting the FY2025-2026 Budget**

Mayor Johnston read the resolution into the record, noting it would be Resolution #454-2025 if adopted when he finished reading it.

Garret Buchanan asked, "When you look at the net budget on Exhibit A, it shows us we are in the hole just over \$3,000,000. What is that for?" He asked if it is for big projects, one-time projects and paying cash out of savings? Kelly replied that it is mainly for big projects - the biggest is for the flood mitigation, because we do not know all the costs yet. "Instead of borrowing from the State Revolving Fund and paying administrative fees, I am recommending borrowing cash from the Sewer Fund. I have calculated an 8-year loan, paying ourselves back 2% interest. I know we can borrow from ourselves, but I'm not sure we can borrow from Enterprise Funds, so I am waiting for an answer from our auditors. The payments would be made from the SID. We were going to do a 20-year loan, and we have been awarded more grants than expected. So we have the cash - so we may be able to pay that off by 10 years," Kelly said.

Reagan Hooton asked about the Parks Capital Improvement Fund - what specific projects are planned? Kelly Smith answered that some money was donated from the Summer Rec Program and we promised a pavilion so that is one project. A sealcoat at the parking lot and adding picnic benches at Bellach Park is planned to be paid out of regular Parks, redoing some landscaping at Sacajawea Park, and replacing the gazebo's roof at Stevenson Park were to be funded by the Parks Capital Improvement. Gene said he and his wife hired some folks to clean up the bricks to remove

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hard water stains/damage, and after three days of elbow grease it was not working. "So we are chipping in and took the liberty to hire a contractor - instead of sprinklers that spray on the flower beds, we picked sprinklers that drip on each plant," Gene said. He added that for the landscaping, plants were replanted that are smaller and not bushes, and redid the sod around the trees. Gene added the muriatic acid does look now like it has improved it, and he has one gallon left and may hire some kids to do it again next year.

Gene questioned the Library Capital Improvement Fund's \$8,000 budget for the remodel work was complete? Kelly Smith replied that we have asked for their final draw from the HB355 grant now that they have done all their projects, that was signed tonight and will be on the next agenda for approval to submit to the State for reimbursement. The Library has some other projects planned this year that were not included in the SLIPA grant, like replacing the carpet where the doors were replaced, as well.

Kelly added that the budget includes getting a new backhoe this year, which would be split between water, sewer, and streets, as well as some out of the CIP funds due to growth. The other project is the \$40,000 match if the City is successful in the CDBG grant for a Long Range Transportation Plan. Gene asked if Public Works has any estimates on the backhoe? Kelly said no, but they think it would cost around \$150,000. Kelly budgeted \$165,000 to be safe.

Reagan asked about where the solar for the wastewater plant would be paid from. Kelly answered it would be paid from the sewer impact fees, because it would be due to growth, but not all would be paid out of impact fees. She added that water impact fees are paying for a portion of the backhoe, and paying for the existing new wellhouse project.

There were no public comments.

Councilman Townsend moved to approve Resolution #454-2025, a resolution of the Three Forks City Council adopting the budget for fiscal year 2025-2026. Councilman Buchanan seconded the motion.

**Motion Passed Unanimously.**

**Public Hearing and Decision for Fiscal Year 2025-2026 on a Resolution Establishing Wages and Compensation for the Appointed Officers and Employees**

Mayor Johnston read the resolution into the record, noting it would be resolution #455-2025 if adopted when he was finished reading it.

Councilman Townsend moved to accept Resolution #455-2025, a resolution of the Three Forks City Council establishing wages and compensation for the appointed officers and employees for Fiscal Year 2025-2026. Councilwoman McDermott seconded the motion. There was no public comment.

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**Motion Passed Unanimously.**

**Resolution to Adopt Amended Fee Schedule to Remove Impact Fees from the Spreadsheet and Append the Spreadsheet with the Adopted Fees Pursuant to Resolution #444-2025, and to Edit the Referenced Ordinance in the Appeal of Impact Fee Line**

Mayor Johnston read the resolution into the record, noting it would be resolution #456-2025 if adopted when he was finished reading it.

Crystal Turner explained she said the highlighted items in yellow in the exhibit are what is being changed, as well as adding an addendum of the previously adopted Impact Fees in Resolution #444-2025. Once approved, the website will be updated (without the yellow highlighted squares) to have the consolidated fees and the Impact Fees all together.

Councilwoman Hooton moved to approve Resolution #456-2025, amending the fee schedule to remove to remove Impact Fees from the spreadsheet and append the spreadsheet with the Adopted Fees pursuant to Resolution #444-2025, and to edit the referenced ordinance in the Appeal of Impact Fee line. Councilman Chancellor seconded the motion.

**Motion Passed Unanimously.**

**REPORT OF OFFICERS**

Crystal Turner reported she will get a copy of the budget resolution to the County Treasurer, and then build the Budget Document and submit it to the State now that it has been approved. She explained she is still awaiting a reply from the County Treasurer on the exhibits of all the properties in the Street Lighting and Street Maintenance Districts. She asked if any of the Ordinance Committee members had a date they could meet for the rescheduled committee meeting to discuss chicken permit numbers and the tenant deposits on water/sewer accounts. After a brief discussion on everyone's schedules, the meeting was set for 9/4 at 5:45PM.

Robert Buchholz asked if the City has a lot of problems with unpaid bills when tenants move out. Crystal replied, "No, not really. But if it is left unpaid it gets transferred to the property owner since they are ultimately responsible for the bill anyhow. But I can only apply a lien once a year in July - there is a defined process in the MCAs. It could continue to accrue late fees if they move out in October say, and then nothing gets paid. I have to wait until June 30<sup>th</sup> to send a letter to the property owner saying the City will file a lien if left unpaid for 30 days." Robert said a lien does not do much unless the property sells. Crystal said no, she files the lien and then shares a copy of the lien with the County Treasurer, and it gets applied to the property tax that same year. When the taxes are paid, the City gets paid.

There were no other officer reports.

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**REPORTS FROM COUNCIL COMMITTEES (if any)**

Gene Townsend reported the Budget Committee met on 8/18/25 and everything that was discussed at the meeting was discussed tonight so he does not think I need to recap it.

**UNFINISHED BUSINESS**

**Flood Mitigation Project Update**

Kelly Smith reported the engineers will be here next week to put stakes in the ground and meet with the property owners on site to show them where the proposed flood channel will be. We have a meeting with the Buttelman's on 9/4/25 before they meet with Great West Engineering and start talking easement negotiations. Trying to coordinate it with Leo Lane as well.

**Water Project**

The Water Main replacement project has a construction meeting weekly, often in City Hall but many times they meet on site. This project is coming to a close, so if there are any outstanding items please let us know so we can relay that to the contractor. O'Keefe Drilling is on-site installing screens for the wells. Public Works has started building the wellhouse for wells #12 and #13.

**NEW BUSINESS**

There was no new business.

**PUBLIC COMMENTS/CONCERNS (For items not on the agenda)**

There were no public comments.

**MAYOR AND COUNCIL ANNOUNCEMENTS**

Mayor Johnston said the new sign for City Hall is here and then will be installed and replace the small "206" and replace the CITY HALL letters.

Garret Buchanan said he followed up with Heather Grenier to see when the Houseless Subcommittee meets. He learned it is held on the third Thursday at 3PM, and they meet remotely. Garret will not be able to make that work with his work schedule. Crystal Turned asked to be cc'd on the email from Garret to Heather just in case no elected officials could fit it in, perhaps another citizen member could attend on our behalf?

The next meeting will be on September 9, 2025, and will have the following items:

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- Presentation on Montana Clean Indoor Air Act, Which now Includes the Prohibition of Electronic Smoking Devices in Public Spaces
- Public Hearing and Decision on a Resolution Cancelling the Contests for the Expired and Unexpired Councilmember Seats in the 2025 General Election and Removing these Races from the Ballot
- Public Hearing and Presentation on the Wastewater Preliminary Engineering Report
- Possibly first readings of a few Zoning Rewrite Chapters

**ADJOURNMENT**

Motion to adjourn the meeting was made by Councilwoman McDermott, seconded by Councilman Tharp. The meeting was adjourned without a vote taken by the Mayor's gavel at 7:16P.M.

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Randy Johnston, Mayor

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Crystal Turner, City Clerk