

9:00 AM CONVENE

PRESENT: William L. Randash, Chairman; Deb Ranum, Member; Lani DeBuhr, Clerk

ABSENT: Steve Baldwin, Member

FALLON COUNTY COURTHOUSE

9:00AM COMMISSIONER WORK SESSION

PURCHASE REQUESTS-

Scott Rabbit, Parks Director, gave the Commission a quote from Most Dependable Fountains for a water fountain to be placed at Iron Horse Park. The quote was \$2,460 and the Commission granted permission to purchase the fountain.

RESOLUTIONS-

The Commission reviewed Resolution 6-20-05- Establishing a Policy for Capitalization of Fixed Assets and a Depreciation Schedule for the County. The Commission would like to have the inventory threshold in the resolution reduced so all items costing \$500 or more will be tagged.

Commissioner Ranum made the motion to change the Controlled Assets inventory threshold from “more than \$1,000 and less than \$5,000” to “more than \$500 and less than \$5,000” thereby amending Resolution 6-20-05. Being there was no second, Commissioner Randash stepped down from being Chair and seconded the motion. 2 Ayes. 1 Absent. 0 Nays. The motion carried.

**AMENDED RESOLUTION
NO. 2015-10
POLICY FOR CAPITALIZATION OF FIXED ASSETS
AND DEPRECIATION SCHEDULE**

WHEREAS, Resolution 6-20-05 was adopted on June 20, 2005 by the Board of County Commissioners for the purpose of establishing a policy for capitalization of fixed assets and a depreciation schedule for the County; and

WHEREAS, said Resolution needs to be amended to reflect the change of the Controlled Assets inventory threshold in the Resolution.

NOW, THEREFORE, Resolution 6-20-05 is hereby amended to reflect the Controlled Assets inventory threshold change:

WHEREAS, beginning July 1, 2003, Fallon County is required to implement Governmental Accounting Standards Board (GASB) Statement No.34 and No.35, two key implementation challenges the new reporting model presents are infrastructure reporting and depreciation accounting, and

WHEREAS, it is the objective of Fallon County to accurately account for and report capital assets in financial reports issued to external reporting agencies, granting agencies and the public and to adequately safeguard the County's capital assets from loss or theft for which the County has a fiduciary responsibility to establish stems and procedures to protect these capital assets, and

NOW, THEREFORE the Board of County Commissioners hereby resolve that in order for property to be distinguished as a fixed asset, it shall possess the following attributes. This resolution supersedes the Policy for capitalization of Fixed Assets, Resolution No. 776, dated April 26, 2001.

I. Fixed Assets

A fixed asset of Fallon County is property that meets all of the following requirements:

1. Must be tangible in nature, real property.
2. Must have a useful life of 3 years, unless otherwise ordered: however, each purchase is to be evaluated on the basis of its unique characteristics.
3. Must be of significant value.
4. May be acquired through donation, purchases or may be self-constructed.

II. Capitalization Policy

1. This policy establishes the criteria for capitalization or determining value of the fixed assets. The asset value for donation is fair market value at the time of the donation. The asset value, when purchased, is the initial cost plus all costs related to the placing of the asset into operation. The cost of self-constructed assets includes both the materials used and the cost of the labor involved in the construction of the asset.
2. The following values will be used for determining significant values when capitalizing fixed assets:

- a. Equipment and Machines (\$5,000)
 - b. Buildings (\$25,000)
 - c. Improvements other than buildings (\$5,000)
 - d. Land (\$1.00)
 - e. All equipment and machinery, buildings and improvements other than buildings, that has a cost below these significant values, will be expended at the time of purchase.
 - f. Infrastructure – Examples of expenditures to be capitalized as infrastructure are: highways, roads and streets (including curbs, gutters, sidewalks, signage and fire hydrants), bridges, drainage systems, lighting systems and fiber optic distribution systems (between buildings).
3. The distinction between maintenance cost vs. additions and/or betterment and their respective treatment for capitalization of fixed assets are as follows;
- a. Maintenance costs are those expenditures which are necessary to keep an asset in its intended operating condition but which do not materially increase the value or physical properties of the asset. Maintenance costs are never to be capitalized and should be charged against the appropriate expenditure account in the current period.
 - b. Additions refer to a physical extension of an existing asset or the acquisition of an entirely new asset, which does not replace an existing asset. Additions will be capitalized at cost when acquired or when construction is completed, providing they are of tangible nature, have a useful life of greater than three years, and are of significant value.
 - c. Betterment exists when a part of an existing asset is replaced by another, and the replacement provides a significant increase in the life or value of the difference between the cost of the new asset and the cost of the asset, which it replaces.

III. Valuation of Assets

1. Valuation Basis – generally Fallon County will record assets at historical cost. Sources of historical cost data include:
 - a. Invoices
 - b. Warrants
 - c. Minutes of Board Meetings
 - d. Vendors
 - e. Purchase Orders
 - f. Contracts
 - g. General Ledger
 - h. Maintenance Records
 - i. If historical cost is not available, reasonable estimates of appraisal values as of the date of acquisition will be used.
2. Land
 - a. The cost of land includes all expenditures in connection with its acquisition, such as: purchase price, appraisal and negotiation fees, title search fees, surveying fees, clearing land use, demolition or removal of structures and filling costs.
3. Buildings and Improvements
 - a. The cost of structures and improvements includes all expenditures in connection with their acquisition such as purchase price, fixtures attached to the structure, architects fees, insurance during construction, legal fees and appraisal fees.
4. Equipment
 - a. The cost of equipment includes: purchase price, freight charges, sales taxes and installation charges.
5. Infrastructure
 - a. Infrastructure Improvements are capital events that materially extend the useful life and/or increase the value or capacity of the infrastructure. A change in capacity increases the level of service provided by infrastructure. For example, additional lanes can be added to a highway or the weight capacity of a bridge could be increased. These improvements should be capitalized as a betterment and recorded as an addition of value to the infrastructure in the improvement is at the capitalization threshold or increases the life or value of the asset by 25 percent of the original cost or life period. Maintenance costs allow infrastructure to continue to be used during its originally established useful life. Maintenance costs are expenses in the period incurred.

IV. Definitions

1. The following definitions for fixed assets will be used by Fallon County.
 - a. Land – a fixed asset account which reflects the acquisition value of land owned by Fallon County. If land is purchased, this account includes the purchase price and other costs as noted above. If land is acquired by gift, the account reflects its appraised value at the time of acquisition.
 - b. Infrastructure – is assets that are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets.
 - c. Improvements other than property – a fixed asset account which reflects the acquisition value of permanent improvements, other than buildings, which add value to the land.
 - d. Such improvements can be fences, retaining walls, sidewalks, pavements, gutters, tunnels and bridges. If the improvements are purchased or constructed, this account contains the purchase or contract price. If improvements are obtained by gift, it reflects the appraised value at the time of acquisition.
 - e. Machinery and equipment – tangible property used in the operation of the county with a useful life beyond the current fiscal year, such as machinery, tools, vehicles, furniture and furnishings.
 - f. Controlled Assets – are assets that must be secured and tracked as inventory. Controlled Assets with an acquisition cost of more than \$500 and less than \$5,000 will not be capitalized or depreciated for general purpose external financial reporting purposes. Department Heads are responsible for inventorying controlled assets and maintaining adequate records within their own department. Department heads on an annual basis should compare the County Clerk's detailed records with their inventory. A physical inventory must be performed annually by the Department Heads.

V. Inventory

1. The following guidelines will apply when employees of Fallon County update inventories of fixed assets:
 - a. Inventory control number
 - b. Vendor
 - c. Fund
 - d. Source of funds – project number
 - e. Date purchased
 - f. Cost – original
 - g. Location
 - h. Who has control
 - i. Date – sold or disposed of

VI. Depreciation Schedule

1. In order for property to generate depreciation expense, the following schedule shall be used:

<u>Types of Fixed Asset:</u>	<u>Useful Life</u>
Land	Indefinite Life
Improvements other than Buildings:	
Fencing, gates	20 years
Landscaping	10 years
Outside sprinkler systems	25 years
Stadiums	45 years
Bleachers	20 years
Outdoor lighting	20 years
Concrete sidewalks	30 years
Airport runways	10 years
Curb work	50 years
Buildings:	
Permanent structures	75 years
Portable structures	25 years
Foundation	50 years
Frame	50 years

Floor structure	50 years
Carpeting	5 years
Exterior walls	50 years
Roof cover	10 years
Interior construction	15 years
Interior renovation	10 years
Ceiling finish	10 years
Plumbing	20 years
Electrical	20 years

Machinery and Equipment:

Appliances	10 years
Audio visual equipment	7 years
Books, multi-media materials	5 years
Business machines	7 years
Communications equipment	10 years
Computer software	5 years
Computer equipment	5 years
Contractors/construction equipment	12 years
Fire department equipment	12 years
Furniture	20 years
Grounds, agricultural equipment	15 years
Law enforcement equipment	10 years
Licensed vehicles	6 years
Machinery and tools	15 years
Stage and auditorium equipment	20 years
Custodial equipment	15 years
Photocopiers	5 years

Infrastructure:

Roadways:

Dirt	10 years
Gravel	15 years
Asphaltic concrete	20 years

Alleys:

Gravel	15 years
Dirt	10 years
Road signage	10 years
Corrugated metal culverts	30 years

Bridges:

Precast concrete	40 years
Prestressed concrete	45 years
Steel with truss	50 years
Steel without truss	45 years
Timber/wood	30 years

The policy is accepted by the Fallon County Commission and effective this 23rd day of November, 2015.

BOARD OF COUNTY COMMISSION
Fallon County, Montana


William L. Randash, Chairman


Steve Baldwin, Vice-Chairman


Deb Ranum, Member

ATTES


Brenda J. Wood, Clerk & Recorder

FORMS-

The Commission reviewed and signed the Change of Rate of Pay Approval Form for Troy Hess completing his six month probationary employment period.

CORRESPONDANCE-

The Commission received a letter dated November 13, 2015 from the Carter County Commission stating they support the recruiting of a 4-H Program Assistant to replace Sharon Schwartz when she retires.

DEPARTMENT REPORTS/NOTICES-

The Commission reviewed Department Reports, Newsletters and Notices.

EMAILS-

The Commission reviewed the emails sent to them from State agencies and other entities that required no discussion, action or decision.

10:00AM ROAD DEPARTMENT UPDATES

Present: Alba Higgins, Shop Foreman; Mark Sieler, Road Foreman

Road Updates- Mark Sieler said the Road Crew is hauling gravel to the Anticline Road this week. The Commission asked why the Road Crew travel in a convoy as they have received complaints about it. Mark said that is done to give the blade operator gravel at one time and get the big trucks off the road, enabling the blade operator to have the road to himself to lay gravel and blade.

Shop Updates- Alba Higgins gave the Commission updates on the vehicles and equipment that are being serviced or repaired. The Commission and Alba discussed getting the wings on the blades for snow removal.

Community Service Pickup- Alba asked the Commission what they wanted to do with the older Community Service Pickup now that they are being given Tim Grube's old pickup. The Commission said they will discuss it and decide at a later time.

10:15am- Alba Higgins and Mark Sieler left the meeting.

10:30am- Shannon Hewson, Brosz Engineering, joined the meeting.

Calumet Road Box Culvert- Shannon Hewson gave the Commission a quote from Cretex for a pre-cast box culvert for Calumet Road. The quote is for \$84,714.60 and Shannon said the cost is in line with other pre-cast box culverts the County has purchased. Shannon said he contacted Billings Precast for a quote on the box culvert also but they said they cannot produce the type of culvert asked for. Shannon said Cretex can build and store the box until it is installed by the winning contractor in the spring. Shannon suggested putting language in the contract stating the winning contractor will be responsible for working with Cretex to get the box culvert delivered when construction begins. Shannon said the reason the culvert will be a pre-cast box is because Bobby Wiedmer, Road Supervisor, didn't want the road closed for a long period of time and hence needing a by-pass road built. Shannon said the Commission has 60 days to respond to the quote and suggested waiting for the status of their permits to be received before ordering it.

Shannon gave the Commission a copy of the Wetland Delineation Report of the Calumet Road Bridge Replacement Project prepared by Carlon McCain.

North City Shop Bridge- Shannon gave the Commission a copy of the Wetland Delineation Report of the North City Shop Bridge Replacement Project prepared by Carlon McCain.

Baker Lake Drainage Project- Shannon said he contacted the Army Corps of Engineers today about setting up the on-site visit and was told the project was being transferred to the Billings office and the person assigned to it is out of the office for the next two weeks.

Westmore Road Box Culvert- Shannon said he is continuing to work on the design for this box culvert.

Grey's Access- Shannon said he will be doing a hydrology test today on this access per Bobby Wiedmer's request.

11:00am- Shannon Hewson left the meeting.

11:00AM LAND LEASE DISCUSSION

Present: Fred Hoff, Member of the Public; Darcy Wassman, County Attorney

Fred Hoff came to talk to the Commission about the rate increase on his County land lease. Fred said the \$4/acre that is being charged is too high for the type of land he leases. He said his land was appraised for 80AUMs and at \$4/acre his rate comes out at \$32/AUM whereas the State of Montana charged only \$14.41/AUM in 2015 and is raising it to \$19.57 in 2016. The Commission said they looked to see what surrounding counties were charging in their land leases and discovered land was being leased for \$15-\$25/acre for good land and \$8-\$10/acre for "badlands". They decided to charge considerably less per acre than other counties do because of not having a system in place to manage the grazing of the land. Fred said the best and most fair way is to set the price on production, not on

acreage. The Commission said the biggest reason they did not want to base their prices on AUM is because they would then have to manage the grazing of the land to ensure landowners are using the land according to their assessed AUMs. The Commission said they are wanting to manage the County's assets well and need to charge more than they have in the past to do this. Fred said he agrees as the rate of \$400 he has been charged in the past is low but was under the assumption the charges would be changed to the State AUM rates because of a letter the County sent out to him a while ago saying the rates would change to State AUM rates.

11:30am- Chuck Lee and Scott Rabbit entered the meeting.

The Commission said they felt the \$4/acre was fair as it is far less than other counties charge and the landowner doesn't have to compete with other landowners in a bidding process and expose themselves to the risk of that. Fred said he understands their viewpoint but would like them to consider charging the State rate for AUMs instead. Darcy Wassman said charging per AUM could be done fairly easily in the lease with the rate being adjusted every 2 years like the State without having to create a new lease each time. Darcy suggested creating a 5 year or 10 year lease if they were to go this route. The Commission said they will take Fred's suggestions into consideration and thanked him for coming in to talk to them.

11:40am- Fred Hoff left the meeting.

Darcy and the Commission continued to discuss setting the land lease rates per AUM. Darcy said the State leases are set for 10 years with prices adjusted every 2 years along with the leases going out to bid. Darcy suggested doing the same thing as the State does but not requiring it to go out to bid. Commissioner Ranum said she would support setting the leases at the State rate and Commissioner Randash said he doesn't want to get into monitoring the use of land and asked who would do the monitoring. Darcy said they may not have to monitor it regularly but rather could review the land every 5 or 10 years to see how it has been used and go from there. Darcy said the language in the lease could specify the action that would be taken if someone misuses the land in the event the Commission becomes aware of misuse happening. Darcy said she will create a spreadsheet that would show what the land owner would pay per acre and per AUM and have it ready to review next Monday during her meeting with the Commission. The Commission said they will wait until then before making a decision on how the rates will be set.

11:50am- Darcy Wassman left the meeting.

11:50AM 811 SERVICE DISCUSSION

Present: Chuck Lee, DES/911 Director; Scott Rabbitt, Parks Director

The Commission, Chuck Lee and Scott Rabbitt discussed Fallon County signing up for 811 Service as requested by Scott last week. Chuck said if the County were to sign up for the service they would be charged \$1.80 per call and they could specify the areas they would want to be called on, avoiding being called on all County owned property. The Commission said there are a lot of lines, especially water lines in Fallon County that are not mapped out nor can be detected as they are made of pvc pipe and because of this the service may not be beneficial. Scott agreed there are a lot of lines unknown but said there are also lines that can be detected such as power and sewer lines. Scott suggested the Department Heads start getting into the habit of mapping the lines that are installed in their areas so they have a record of where they are located and said the County could purchase a detector to begin detecting where existing lines are. The Commission and Scott discussed how Department Heads would be notified if someone were to dig in their area and Chuck suggested having the 811 calls that come in fax form come to the Clerk and Recorder's office and then someone in that office can notify the Department Head of the call. Scott said the City of Baker uses this service with the faxes coming into the City of Baker's office and it works well. Chuck said he can start mapping areas and if the Commission would like to meet with Clint Kalfell, the 811 Montana Representative, he can set up a time to do that. The Commission said Chuck can start working on the mapping but would like to discuss it further before making a decision.

12:00PM PUBLIC COMMENT

No one appeared for Public Comment.

12:15pm- Chuck Lee and Scott Rabbit left the meeting.

12:15PM NOON RECESS

Commissioner Ranum made the motion to take a noon recess. Commissioner Randash stepped down from being Chair and seconded the motion. 2 Ayes. 1 Absent. 0 Nays. The motion carried.

1:15PM 4-H LEADER RECRUITMENT DISCUSSION

Present: Julie Straub, Human Resource Manager; Elin Kittelmann, County Agent; Maggie Bainter, Extension Secretary

Julie Straub gave the Commission job descriptions for the 4-H Program Assistant and Extension Administrative Assistant for them to review. Elin Kittelmann said Sharon Schwartz planned on attending the meeting but something came up she had to attend to. The Commission asked if the 4-H Program warranted a full-time person being hired to replace Sharon Schwartz when she retires. Elin said yes as the program continues to grow each year and new things are continually being offered in the 4-H Program. Julie said she thinks the position should continue as it supports a great program in this area that shapes the kids of our community. The Commission said they want the wage to be less than what it currently is and Julie said she has been doing research on what the position pays throughout the State. Julie said she contacted Mary Fran with Montana State University to get an average on what this position pays in Montana and is waiting for that figure. Julie said surrounding counties pay \$13.70 to \$14.92 per hour for this position and the entry wage in Fallon County is currently set at \$19.00 per hour with 6 month and 12 month increases. Julie said Fallon County is one of the higher paying Counties as they have to compete with oil company wages and suggested the Commission consider this when setting the wage. Julie said this position has an increased scope of responsibility and the wage should reflect this. The Commission voiced concern about the position paying more than Elin's State wage but Elin said there is nothing that can be done about that. Julie suggested possibly starting the wage at \$16.50 with a 6 month increase to \$17.50 and a one year increase to \$18.50. The Commission said as long as the work justifies the position they are agreeable to hire for the position but would like to consider the wage more. Julie said as soon as she gets the wage information from Mary Fran she will let the Commission know. Julie will also let the Commission know when Sharon submits her resignation letter as recruiting will start then.

2:00pm- Julie Straub, Elin Kittelmann and Maggie Bainter left the meeting.

2:00PM CLOSED SESSION/HIPPA

2:20PM PROPERTY/CASUALTY INSURANCE REVIEW & DISCUSSION

Present: Debbie Wyrick, Deputy Clerk & Recorder

Debbie Wyrick said when Jade Boggs, Insurance Store Agent and Rick Harper, EMC Risk Improvement Specialist, inspected the Road Department buildings this fall they discovered three buildings are underinsured. Debbie said in order for a building to be on the Replacement Cost (RC) Schedule the building has to be insured at a minimum of 80% of the building value and if the insurance values aren't increased they will remain on the Actual Cost Value (ACV) Schedule. Debbie gave the Commission a report on what the buildings are currently insured for and what they would change to if it was increased to 80% of its value. Debbie explained how a building's replacement cost is determined and said she expects the premiums for the three buildings to increase approximately \$3,500 per year. The Commission said although the premium will increase substantially the buildings need to be insured properly and therefore gave their permission to increase the insurance coverage on the (E-W) Cold Storage Building, the (N-S) Cold Storage Building and the Weed Shop Building to 80% of their replacement cost.

2:55pm- Rich Menger entered the meeting.

The Commission asked Debbie if the Fairgrounds' buildings are insured at Replacement Cost and she said yes they are except the ones that haven't had the hail damage repairs done. Debbie said the Courthouse is also insured at Replacement Cost. The Commission and Debbie discussed how depreciation of buildings factor into their replacement cost.

3:00pm- Debbie Wyrick left the meeting.

3:00PM CERTIFICATION OF ELECTION

Present: Brenda Wood, Clerk & Recorder

Brenda Wood presented the Commission the Certifications of Election for Jodee Pratt as City of Baker Alderman Ward 1, Leigh Ann LaCroix as City of Baker Alderman Ward 2 and Thomas C. Shelhamer as Town of Plevna Councilman.

Brenda Wood and the Commission signed the Certifications of Election thereby certifying the November 3, 2015 Municipal Election in Fallon County for these candidates who received the most votes and were duly elected.

3:10PM MINUTES APPROVAL

Commissioner Randash stepped down from being Chair and made the motion to approve the December 1st-5th, 2014 Commission Minutes. Commissioner Ranum seconded the motion. 2 Ayes. 1 Absent. 0 Nays. The motion carried.

Commissioner Randash stepped down from being Chair and made the motion to approve the December 8th-12th, 2014 Commission Minutes. Commissioner Ranum seconded the motion. 2 Ayes. 1 Absent. 0 Nays. The motion carried.

Commissioner Ranum made the motion to approve the November 16th- 20th, 2015 Commission Minutes. Commissioner Randash stepped down from Chair and seconded the motion. 2 Ayes. 1 Absent. 0 Nays. The motion carried.

3:15PM SOLAR BEE CONTRACT DISCUSSION

Present: Rich Menger, Sanitarian

Rich Menger reviewed the service program quote the Commission received from Solar Bee for the Solar Circulators that are used in Baker Lake. After reviewing the quote, Rich said he doesn't think the cost of the service is worth the money. He said right now the lake is extremely shallow and the wave action alone is picking up the silt and circulating it, thereby oxygenating the water. Rich said when the Baker Lake Mitigation is complete these will not be needed as their will be natural aerators in place to keep the lake oxygenated. The Commission thanked Rich for his opinion and will discuss it further before making a decision.

3:30PM CLOSED SESSION/ PERSONNEL RECRUITMENT

3:45pm- Julie Straub and Brenda Hoeger left the meeting.

4:00PM FAIR BOARD UPDATES

Present: Pat Ehret, Lani DeBuhr, Fair Board Members; Barb Lechler, Fair Manager

Pat Ehret and Lani DeBuhr gave the Commission updates on the entertainment they secured at the Fair Convention. The Fair Board told the Commission about the classes they attended also.

4:20pm- Jerrid Geving joined the meeting.

4:30PM FAIR MANAGER JOB DESCRIPTION REVIEW

Present: Julie Straub, Human Resource Manager; Barb Lechler, Fair Manager; Pat Ehret, Lani DeBuhr, Jerrid Geving, Fair Board Members

The Commission and Julie Straub reviewed the updated Fair Manager job description. Julie said she met with the Fair Board to review the job description and a few changes were made and asked if the Commission had any changes they wanted made. The Commission said they had no changes but wanted to know if the position will be exempt or non-exempt. Julie said she will have to determine that after the job description is finalized as it will depend upon the job duties. Commissioner Ranum said if it becomes a non-exempt position the Fair Board will have to find a way to control overtime being accrued. Julie agreed and explained to Barb Lechler and the Fair Board Members how Barb would have to get authorization for overtime if she becomes non-exempt. The Commission approved of the job description as written and Julie said she will notify them when she determines if it will be exempt or non-exempt.

5:00PM ADJOURN

Commissioner Ranum made the motion to adjourn the meeting. Being there was no second, Commissioner Randash stepped down from being Chair and seconded the motion. 2 Ayes. 1 Absent. 0 Nays. The motion carried.

ADJOURN
s/William L. Randash, Chairman

MINUTE TAKER:
s/Lani J. DeBuhr, Clerk

ATTEST:
s/Brenda J. Wood, Clerk and Recorder