

This was prepared by Kelly Smith, City Treasurer, for over 13 years. I think the facts need to be discussed and take bullying, threats, emotions, misinformation, lies and snide comments out of this.

As I see it there are 4 decisions to be made. It is not all or nothing. The Council can pick and choose what the Council would like the written policy to be. Currently there is no written policy stating Staff is required to collect deposits, put accounts into tenants' names, nor send late letters or disconnect notices to Owners. Below are the decisions I believe need to be made, statistics for those decisions, facts and my recommendation regarding these decisions. I hope this helps with your discussion and future decision making. If you have any questions, please feel free to ask me.

Decisions:

1) Going forward Collect Deposits on any accounts: YES or NO

Property Owners/Property Managers ("Owners" going forward) collect a security deposit to cover unpaid rent, late fees, damages to the property, cleaning and unpaid bills at the end of the lease term. There is no reason for the City to have **108** rental deposits on the books. Yes, it has been happening for many years, but there are no resolutions or ordinance to require it. We are a Government not a "utility" or a for profit company. The water deposits must be sectioned off and accounted for differently than other cash. How much do the Owners collect in security deposits? More than the \$100 the City has been collecting, and enough to pay the final water/sewer bill!

City staff collecting deposits has been discussed in past City Council meetings (per the minutes), but there are no written rules or laws (resolutions or ordinances) requiring the City to collect deposits. In 2015, city staff asked the council to increase the water deposit to \$100 as water/sewer bills had increased.

2) Refund the almost \$11,000 in Deposits to Tenants accounts: YES or NO
What is the reason to NOT apply the deposits onto the tenant's accounts?

3) Put accounts into the Tenant's name or Owner's name – Going forward: YES or NO

a. Should this change be for both commercial and residential? YES or NO

Facts:

City staff putting water/sewer accounts into tenant's names is not written anywhere as a rule or law. This same discussion about only having accounts in Owners names, happened in 2008, with the City Council. There were fewer rental accounts in 2008 than today.

Residential – 850 Total Accounts in System

144 accounts in tenant's name

84 owners own these properties

4 owners against the change, less than 5% of the owners (4/84) against it

14 are rented to family members

4 owners against the change, still less than 6% of the owner (4/70) against

Almost \$11,000 in deposit collected/held on 108 accounts

17% of the total number of residential accounts (144/850)

15% of total accounts (144/962)

727 Residential Owners

11.6% of Residential Owners are affected by this change (84/727)

Before the ordinance committee meeting: 10 written opposition letters, 2 letters from owners and 8 from the tenants of 2 different owners / property managers were received. At the Ordinance committee meeting, 5 public made opposing comments, 3 from owners (2 of which are married) and 2 from tenants of the same 2 owners / property managers mentioned above. Where are opposition letter / comments from the other 80 owners and the other 134 tenants with accounts in their names?

Non-Residential Zoning – 112 Total Accounts in System

Very rare to have change outs, and none have been on the disconnect list since 2014

16 accounts in tenant's name

12 owners own these properties

\$0 deposits collected/held

14% of the total number of Non-Residential Zoning (16/112)

1.7% of total accounts (16/962)

The rent for current tenants would not need to change in any way, as nothing will change for them other than their deposit would be applied. The owners get rent to cover their costs associated with renting/owning properties and to "hopefully" make a profit. The cost of administration of their properties should be borne by them, not the City or the other citizens of Three Forks. As an owner of a rental property, you make choices. This change does not have to affect rental prices in any way; tenants can still pay the exact bill. In the Lease agreement, it states who is responsible for paying what. The City has no choice in who is being rented to, no financial interest in rentals, nor do we set rents.

4) City Staff continue to send copies of late letters and/or disconnect letters to Owners with accounts in the tenant's names?

YES or NO

As a courtesy to the Owners, I think this practice should continue (as time allows) as Owners are ultimately (Per MCA) responsible for the water/sewer bill. As tenants move out, less accounts will be in tenants' names, so sending copies will eventually not be a burden. As tenants are on the shut off list "2 times within their **residency** on the landowner's property", tenants will have the accounts taken out of their names and put into the Owners name. Again, this will create less accounts in the tenants' names.

The growth in Three Forks places a lot of additional work on staff, city office and public works. Other communities have had this same issue come up and chose to only place accounts in owners names. Large and small communities, from Lima to Bozeman. This is not unique to Three Forks.

Is it FISCALLY responsible to have all 962 rate payers of water/sewer and property tax dollars pay the city staff to help administer / property manage these 144 rentals, for the 84 Owners?

The City Council should do what is best for the MAJORITY of citizens, not the MINORITY (11.6% of residential owners) that choose to own rental properties. The 11.6% are who is profiting from City staff continuing these undocumented practices.

Who at the table believes city staff are avoiding, looking for the easy way out, or not doing our responsibilities, please speak up now.

You have several long-term employees (over 10 years) at the City. Ask yourselves if the City is better off today than before these employees were hired? Even a previous City Clerk/Treasurer and the gentleman that has prepared the City's AFR for over 20 years said "I will tell you that Sharon and I have both agreed on the fact that the City of Three Forks is in really good hands with both you and Crystal working there. It's a rare combination I tell ya! And I've seen a lot of clerks come and go, and it's true!"

The reason I asked the question is because in the documents handed out by Mrs. Imberi at the last council meeting state 5 times City Staff are not doing what we are supposed to.

Here is my rebuttal to that:

- 1) "the solution isn't rewriting the law – it's **staff doing their jobs** under Title 9-2-1"

Kelly's Reply: There is no written law that is being rewritten, as none of these practices are in writing. By bringing these items to the City Council in **writing**, staff is trying to increase transparency for current and future residents, by documenting what was done and how it changed.

"the current system already works"

Kelly's Reply: for the 84 owners it does, but as Three Forks grows, things must change, and some will not like the changes. Change happens one way or another. Do these practices work for the 643 Residential Owners that do not have rental properties and are in effect subsidizing these 144 rentals, by paying for city staff's time? City Staff is saying this system does not work, and we have given you the reasons why.

- 2) "the real issue isn't the ordinance – it's **staff avoiding the responsibility** they already have"

Kelly's Reply: There are no laws, rules, or documentation regarding staff collecting deposits, putting accounts in tenant names, or sending late/disconnect letters to both tenants and landlords. This includes Staff job descriptions. Staff are trying to do what is best for the majority of the citizens of Three Forks.

- 3) "The Clerk already has full authority to shut off non-paying accounts. We don't need new rules--
- we need the **City Clerk to use the authority** already granted."

Kelly's Reply: How did this conversation go from the City collecting water deposits and putting accounts into Owners names to being about shutting people off? None of the staff have ever brought this up. The City staff and Public Works work together and sometimes Public Works have more important things to do than shut off people's water (Water main breaks, projects in process, etc.). These practices do not make sense for City Government to continue for less than 15% of the rate payers.

"Public Opposition Ignored"

At the Ordinance Committee meeting, 15 to 18 residents and letters opposed this idea"

Kelly's Reply: 10 written opposition letters and 5 verbally opposing public comments have been made from 5 owners, and the tenants of 2 of these owner/property managers.

- 4) "Instead of enforcing those, **staff propose shifting all billing** to property owners – many who live miles away and can't control daily use"

Kelly's Reply: Owners are responsible per MCA for the water/sewer bill. The City does not control/monitor daily use, for anyone. Owners choose to purchase rental properties, some maybe next-

door or down the street, others maybe miles away or even States away from where they live, they make that choice. It is not a concern for the City, where the Owner lives. I believe all the property managers that manage property in the city limits of Three Forks, live elsewhere, miles away. Why is it relevant the property owners live miles away, but my experience as a property Owner in Bozeman is irrelevant. All 4 Owners that oppose this do not live in the City limits of Three Forks, nor even in this county.

- 5) "Ask yourselves whether it strengthens accountability—or simply **makes life easier for staff** at everyone else's expense"

Kelly's Reply: Everyone else's expense or mainly 2 Owners expense? Ask yourselves who benefits the most by keeping this status quo? Where are the statements of opposition from all the OTHER Owners with property in the tenants name (80) and Tenants with bills in their names (134)? The MAJORITY of citizens in Three Forks will benefit if staff have more time to accomplish other tasks, administer more projects, apply for more grants, and work less (overtime/comp time). If staff is not spending time helping to administer rental properties, which there is not a written laws, rules or documentation for.

"Report yearly totals of late-fees and service-charges revenue under Title 9-1-1.

TRACK AND DOCUMENT the late fees and interest payments paid to the city"

Kelly's Reply: both of these are done and were provided to Mrs. Imberi, and in turn she provided them to you at the last City Council meeting.

AGAIN

Item 4.b. FY24-25

\$4,623.20 Water Late Charges (this includes interest)

\$5,063.65 Sewer Late Charges (this includes interest)

\$9,686.85 Total (this includes interest)

"Define what "two disconnect notices" means"

Kelly's Reply: Ordinance is clear "two (2) times within their **residency** on the landowner's property".

Yes, we have given more than 2 times if they are spread out by years, as life happens. Some people are feeding their families from the food bank or have medical issues, job issues, deaths in their families, we try to be good neighbors and compassionate.