

MINUTES OF THE CITY COUNCIL OF LAUREL

July 16, 2002

A regular meeting of the City Council of the City of Laurel, Montana, was held in the Council Chambers and called to order by President Gay Easton at 7:00 p.m. on July 16, 2002.

COUNCIL MEMBERS PRESENT: Lauren Van Roekel Doug Poehls
 Ken Olson Mark Mace
 Gay Easton Daniel Dart
 Dan Mears John Oakes

COUNCIL MEMBERS ABSENT: None

President Easton led the Pledge of Allegiance to the American flag.

President Easton asked the council to observe a moment of silence.

MINUTES:

Motion by Alderman Van Roekel to approve the minutes of the regular meeting of July 2, 2002, as presented, seconded by Alderman Poehls. Motion carried 8-0.

CORRESPONDENCE:

Montana Department of Commerce: Memo of July 2, 2002, regarding public information meetings.

Business Resources Division, Montana Department of Commerce: Memo of July 10, 2002, regarding Third Round Application Guidelines – Economic Action Program.

PUBLIC HEARINGS:

- **Ordinance No. 002-31: Community Entryway Zoning District.**

President Easton opened the public hearing.

President Easton asked three times if there were any proponents. There were none.

President Easton asked three times if there were any opponents. There were none.

Alderman Olson stated that Section 17.26.052, Signage – Lighting reads: “All signage lighting shall be turned off at midnight.” He suggested that careful consideration should be given to this statement, which would require all businesses to turn sign lights off at midnight. Alderman Olson stated that there would be opportunities for business people to leave the sign lights on for travelers who need certain services.

Motion by Alderman Olson to continue the public hearing to the next council meeting on August 6, 2002, seconded by Alderman Dart. Motion carried 8-0.

- **Ordinance No. 002-32: City of Laurel Municipal Sign Code.**

President Easton opened the public hearing.

President Easton asked three times if there were any proponents. There were none.

President Easton asked three times if there were any opponents. There were none.

President Easton closed the public hearing.

- **2002-2003 Preliminary Budget.**

President Easton opened the public hearing.

Clerk-Treasurer Mary Embleton explained the budget calendar. The process for the budget includes conducting a public hearing to allow the public an opportunity to give input and to review the budget. A notice of public hearing was placed in the *Laurel Outlook*. The public hearing could be continued through until the final adoption of the budget. Revisions and changes can be made until final adoption of the budget, which is scheduled for August 6, 2002.

Motion by Alderman Olson to continue the public hearing on the 2002-2003 Preliminary Budget to the next council meeting on August 6, 2002, seconded by Alderman Mears. Motion carried 8-0.

CONSENT ITEMS:

- **Clerk/Treasurer Financial Statements for the month of June 2002.**
- **Approval of Payroll Register for PPE 6/23/02 totaling \$111,242.91.**
- **Approval of Payroll Register for PPE 7/7/02 totaling \$115,886.11.**
- **Receiving the Committee Reports into the Record.**

--Budget/Finance Committee minutes of June 17, 2002 were presented.

--City Council Committee of the Whole minutes of July 2, 2002 were presented.

--Public Works Committee minutes of July 8, 2002 were presented.

- **Resolutions.**

Resolution No. R02-41: A resolution vacating public right of way (alley) located west of 12th Avenue between 9th Street and Maryland, 116.63 feet on north side of Lot 15, Willow Creek Subdivision.

Resolution No. R02-42: A resolution extending the contract with Olness and Associates for auditing services for fiscal year ending June 2002 and authorizing the Mayor to sign said contract for the City of Laurel.

Resolution No. R02-43: A resolution transferring certain Insurance Funds of the City of Laurel, Montana.

Resolution No. R02-44: A resolution adopting wage increases.

Resolution No. R02-45: A resolution adopting job descriptions.

Resolution No. R02-46: A resolution adopting wage and position classifications.

President Easton asked if there was any separation of consent items.

Alderman Mears separated Resolution No. R02-44, Resolution No. R02-45, and Resolution No. R02-46 from the consent agenda.

Alderman Dart separated Resolution No. R02-41 from the consent agenda.

These items were placed under "Items Removed from the Consent Agenda."

Motion by Alderman Olson to approve the remaining consent items as presented, seconded by Alderman Mace. Motion carried 8-0.

COMMUNITY ANNOUNCEMENTS (ONE-MINUTE LIMIT).

Alderman Mears stated that none of the 70 animal complaints on the June 2002 Laurel Police Department Monthly Police Activity Report applied to cats.

SCHEDULED MATTERS:

- **Confirmation of Appointments:** None.
- **2002-2003 Preliminary Budget presentation.**

Mary Embleton stated that the city began working on the budget in February and preliminary figures were submitted by early March. Meetings with the department heads and the Budget/Finance Committee started on March 13th and continued every Wednesday evening through May 1st.

The main focus centered on the General Fund. A target appropriation was set at about 5% less than last year's appropriation. This target was established to obtain a "balanced" budget, or rather appropriations (spending) less than or equal to appropriations (income).

In order to achieve the goal of bringing revenues and expenses into equilibrium, the mayor informed the department heads that spending during the last few months of the recently completed fiscal year would be "restricted and selective." The result as of June 30, 2002 was a General Fund budget at 92% expended. This means that \$174,500 of budget expenses was not spent. This narrowed the \$200,000 deficit gap by quite a lot.

On the other side of the equation, the revenues, or income, for the General Fund tallied at 103% or \$77,000 of additional revenue that was not expected. The combined effect of spending less than planned, and receiving more than expected, creates a better cash position with which to begin fiscal year 2003.

Instead of dipping into the General Fund cash reserves, or "savings account," the city was able to maintain it. However, this came at a price, as the city was only able to keep the "status quo" in terms of service and improvements.

The preliminary budget is a "do nothing" budget as it again maintains the status quo. This is mainly due to the fact that the city is limited in the revenues it can generate and has little or no control over rising costs. State legislation places restrictions on a city's ability to generate tax revenue, as well as regulates a good portion of non-tax revenue.

Property taxes make up about 23% of General Fund revenue. This year the value of the mill dropped from \$6,067 to \$5,819, which is about a \$250 decrease per mill. This further limits the city in trying to increase services and make long-range improvements. The city has to do more with less. Research is being conducted into the reason for the declining taxable value for the City of Laurel, and information will be forthcoming.

From now until final adoption, the budget will be "fine-tuned" to be brought to completion. This will be a "balanced" budget in terms of revenues being greater than or equal to appropriations. But it will be another "do nothing" budget, like last year. Many departments have cut spending to the bare necessities, and some needs will be delayed yet another year. This trend will be for this year only.

Some of the budget revisions will come from the council, because it is necessary to set priorities for this year, pushing some needs off until next year, or the year after. The council will need to look at options, and when to enact some of those options. A council work plan will help provide the framework to formulate solutions to solve problems for the long term.

President Easton thanked Mary for her presentation.

President Easton stated that Larry McCann and Steve Klotz would present the Enterprise Funds.

Larry McCann distributed four graphs to explain the changes in salary/wages and supply/expense for the wastewater plant, the waste water system, the water plant, and the water system. The graphs covered the years from 1995/1996 through 2002/2003.

Larry stated that the graphs were not a complete recap of the dollars being spent in the water and sewer systems or the plants. Salary/wages and supply/expense have continually increased, and they will continue to rise.

Larry stated that the Public Utilities Department would propose rate increases to the council in the near future. In the last four years, the digesters were repaired at the Waste Water Plant, but there is probably \$2 million worth of work that has not been done there. A new jet rod truck was purchased for the waste water system. For the first time, all sewer lines have been jet rodded in the city. Larry stated that a large amount of money needed to be spent on the system. Ten manholes do not have bottoms in them. Every two weeks the wastewater plant goes out of compliance when a local farmer irrigates his fields on the east end of town. The sewer line at that location lies outside the city, but it

belongs to the city and it needs to be replaced. The DEQ sends letters of reprimand, but the city will probably receive an order to correct that situation. The sewer line needs to be replaced. The second phase of the Waste Water Facilities Plan will be presented on August 16th. A public hearing on the Waste Water Facilities Plan will be scheduled in September. The Waste Water Facilities Plan is a Capital Improvements Plan for the Waste Water Plant and System that prioritizes the work that needs to be done in order to stay in compliance now and also to plan twenty years ahead.

Although more dollars are spent on salary and wages at the Water Plant than on supply and expense, Larry stated that the larger amount should be spent on system repairs. A water facilities plan was budgeted into the 2002-2003 budget. A recent pilot plant study identifies the changes and updates that are needed at the plant.

An increase in the supply and expense in the Water System in 1998/1999 included the cost of extending the treated water system to Riverside Park. Larry's main concern is to set the stage for rate increases, and a two or three-year proposal will be presented to the council.

The EPA might mandate that our water system must be protected and secure. Currently, the sediment basins are open and vulnerable, and some serious problems need to be addressed. Some grant money is available.

There was discussion regarding closing the area around the plants to public traffic. The refinery is interested, but Billings Bench Water was not interested. Closing the area would stop vehicle traffic, but it would not stop individuals from walking into the area. The ideal situation would be to enclose the sediment basins. There was also discussion regarding the average life of the system. Alderman Mace stated that the public needed to know about the condition of the systems.

Steve Klotz gave a Power Point presentation on the Solid Waste Fund.

The Solid Waste Fund is split into three divisions: collection, disposal, and services. The collection portion of the fund includes the normal pickup of the 90-gallon and 300-gallon cans. The disposal involves the container site, and the services include the administrative charges.

Operational costs plus capital costs equals the total costs. Operational costs of personnel, salary and wages, administration have been rising steadily each year.

Some of the capital expenditure needs include: a container compactor; a container compactor roll-off truck; a tree limb chipper; new route trucks; roll-off containers; residential and commercial containers; and alley repair.

A container compactor would allow the city to haul compressed loads to the Billings Landfill. Currently, the containers are filled and compacted with a backhoe as much as possible. It takes about two hours to haul a container to the Billings Landfill. A container compactor roll-off truck is needed in order to haul the weight of a compact container. When tree limbs are placed in containers, the city is forced to haul underweight containers to Billings. A tree limb chipper would help to alleviate that problem. One route truck is functional, but the second truck and the backup truck consistently need repairs. A new route truck is included in this year's budget. Additional roll-off, residential, and commercial containers are also needed. In addition, alleys that have been damaged from the garbage trucks need to be repaired.

Steve showed several graphs to illustrate the rising operational costs, the capital, and the sum of both. At times, the total costs exceed revenues, causing capital expenditures to be cut. Increased revenue through rate increases need to be set to match the capital and operational costs. Changes in regulations and their cost to do business determine the fees charged by the Billings Landfill. Anticipated capital costs, future disposal fees, administration fees, desired reserve funds, and the consumer fee structure need to be considered in order to determine a rate increase.

The council discussed various aspects of the operations and needs of the Solid Waste Fund, the garbage trucks, the increase in accumulation of garbage, the need for rate increases, the pros and cons of recycling programs, and the option to charge fees at the container site. The city has exclusive rights to provide garbage service to the citizens of Laurel, but other solid waste services are allowed to set roll off containers within the City of Laurel.

Alderman Olson stated that a five to fifteen-year plan is needed to provide a revenue stabilizing rate in order to have controlled, steady rate increases that the public would be able to understand and handle.

President Easton thanked Steve and Larry for their presentations.

ITEMS REMOVED FROM THE CONSENT AGENDA: None.

- **Resolution No. R02-41: A resolution vacating public right of way (alley) located west of 12th Avenue between 9th Street and Maryland, 116.63 feet on north side of Lot 15, Willow Creek Subdivision.**

Alderman Dart asked if abandonment of an alley would impact the Gas Tax Fund revenues. Larry McCann stated that gas tax payments are calculated on the length of the streets.

Motion by Alderman Dart to approve Resolution No. R02-41, seconded by Alderman Oakes. Motion carried 8-0.

- **Resolution No. R02-44: A resolution adopting wage increases.**

Alderman Mears stated that he removed the three resolutions because he had not had opportunity to review them.

Matt Erikson stated that a motion needed to be made before there was discussion.

Motion by Alderman Mears to approve Resolution No. R02-44, seconded by Alderman Olson.

Alderman Mears stated that he wanted to table all three resolutions.

Matt Erikson explained that Resolution No. 02-44 authorizes the mayor to make certain wage increases consistent with the preliminary budget. The standard raise comes through on July 1st at the beginning of the fiscal year. The purpose of the resolution is so payroll does not have to recalculate the wage increases after final approval of the budget.

Resolutions No. R02-45 and R02-46 would adopt job descriptions and wage and position classifications. Richard Larsen prepared the booklets after meeting with employees to update and review the job descriptions.

Alderman Poehls asked if this was concerning non-contracted employees as contracted employees are still in negotiations. Matt agreed that the resolution concerned non-contracted employees.

President Easton asked Mary if tabling the wage increase resolution would delay the budget. Mary stated that the budget is typically adopted prior to any wage increase, so the budget would not be delayed.

Alderman Oakes stated that Resolution R02-44 read: "These wage increases shall be awarded at his discretion in accordance with the Preliminary Budget." He asked if that indicated the mayor, which was correct. Alderman Oakes stated that it left it wide open for changes and adjustments. Matt explained that the wage increases would need to be in accord with the preliminary and final budgets.

Alderman Mace asked if the mayor's hands would be tied if the resolution were tabled until the next council meeting. Matt stated that the mayor already gave a directive authorizing the payroll department to issue raises starting on July 1st with what was anticipated to be the typical wage increase.

A vote was taken on the motion to approve Resolution No. R02-44. Motion carried 8-0.

- **Resolution No. R02-45: A resolution adopting job descriptions.**

Motion by Alderman Poehls to approve Resolution No. R02-45, seconded by Alderman Mears.

Alderman Poehls stated there was not sufficient time to read the job descriptions and the resolution should be tabled.

Alderman Olson asked if the current structure was sound if the resolutions were not approved tonight. Matt explained that the current job descriptions would continue if the new ones were tabled.

A roll call vote was taken on the motion to approve Resolution No. R02-45. Motion denied 3-5, with Aldermen Mace, Oakes and Easton voting aye and Aldermen Poehls, Dart, Van Roekel, Olson, and Mears voting nay.

Motion by Alderman Mears to table Resolution No. R02-45, seconded by Alderman Poehls. Motion carried 5-3, with Aldermen Mace, Oakes and Easton voting nay.

- **Resolution No. R02-46: A resolution adopting wage and position classifications.**

Motion by Alderman Mears to table Resolution No. R02-46, seconded by Alderman Poehls. Motion carried 5-3, with Aldermen Mace, Oakes, and Easton voting nay.

AUDIENCE PARTICIPATION (THREE-MINUTE LIMIT): None.

COUNCIL DISCUSSION:

Alderman Olson stated that a council work session has been scheduled for Saturday, August 3rd.

Alderman Mace attended a Local Emergency Planning Committee meeting in Billings on July 9th. Jim Kraft, the chairman, informed him that Laurel would be included on the agenda for the next disaster training scenario scheduled for 2004. Alderman Mace stated that the city and the refinery could work together on emergency disaster training before that time.

Alderman Easton stated that letters of support for the salinity grant should be submitted by Friday, July 19th.

UNSCHEDULED MATTERS:

There being no further business to come before the council at this time, the meeting was adjourned at 8:23 p.m.

Cindy Allen, Secretary

Approved by the Mayor and passed by the City Council of the City of Laurel, Montana, this 6th day of August, 2002.

John E. Johnson, Jr., Mayor

Attest:

Mary K. Embleton, Clerk-Treasurer